The China Weekly REVIEW

密勒氏評論報

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SATURDAY, JULY 29, 1933 VOLUME 65, NUMBER 9

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Formerly Millard's Review

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE, POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN BE MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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WASHINGTON OFFICE
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Colorado Building, Washington, D. C.

LOCAL AMERICAN BANKS MUST JOIN U. S. FEDERAL RESERVE?

AMERICAN banking institutions, of which there are four operating in China, will be fundamentally affected by the new Banking Act of 1933 recently passed by Congress and signed by President Roosevelt. The significant feature of the Act, according to reports in the American newspapers, is an amendment which compels the guarantee (insurance) of bank deposits, this clause being incorporated in the new law for the purpose of preventing future losses to depositors due to bank failures. Of the four American banks now operating in China, the two larger institutions, National City Bank of New York and Chase National Bank, both of which operate here through branches of their parent institutions in New York, will become subject to the provisions of the new law automatically because both banks always have been members of the Federal Reserve System. This means that from Jan. 1, 1934 or even earlier if President Roosevelt so decides, all depositors in National City or Chase National will have their money guaranteed in accordance with the new congressional enactment. The other two American-incorporated banks, American-Oriental (owned by F. J. Raven) and Underwriters Savings Bank (owned by C. V. Starr) will be compelled to join the Federal Reserve System in order to take advantage of the depositors guarantee scheme, according to a report which appeared in *Time Magazine* for June 26, which stated that by July, 1936 all American banks will become members of the U. S. Federal Reserve. The following is a summary of the new law,

(1) From Jan. 1, 1934 (unless earlier decreed by Presidential proclamation) all deposits will be guaranteed to a mixmum of $2,500.

(2) After July 1, 1934, deposits will be guaranteed 100% up to $10,000, 75% from $10,000 to $50,000, and 50% above $50,000.

(3) The money to pay depositors in insured banks will come from a Federal Deposit Insurance Corp. which is to start with about $500,000,000 acquired by the sale of stock.

(4) The subscribers to the stock will be the Treasury ($150,000,000), the Federal Reserve banks to the extent of one half their surplus (about $150,000,000) and the insured banks to the extent of ½ of 1% of their deposits $150,000,000 or thereabouts).

(5) Wherever the guarantee fund sinks to ¼ of 1% or less of the deposits of the insured banks, the banks will be required to contribute another ½ of 1%

of their deposits, again and again as long as they remain solvent.

(6) The Deposit Insurance Corp. may also issue bonds, notes, etc. up to three times the amount of its capital against the assets of closed banks which it takes over for liquidation.

(7) All banks which are members of the Federal Reserve are obliged to join the guarantee scheme.

(8) Non-member banks may have the guarantee extended to them by subscribing to stock of the Insurance Corp., provided their solvency is approved by their State banking authorities and by the Insurance Corp. If they are to retain the guarantee they must, however, become members of the Federal Reserve by July 1936.

Tokyo Warlords Worry About Upton Close, the League and Loans to China

UPTON CLOSE, one of the best-known American writers and lecturers on Far Eastern topics, has been barred from Manchukuo. Recently when Mr. Close landed at Yokohama with a touring party composed of Americans, he was met at the jetty by a representative of the Tokyo War Office. For more than an hour the American writer was questioned about his writings, including articles he had contributed to the *Saturday Evening Post, Scribners, New York Times Magazine*, and also about his books dealing with Far Eastern subjects, of which he has written a half dozen or more. The day following Close's arrival in Japan several of the Japanese newspapers published inspired articles stating that since he had criticised Japan's activities in Manchuria, he would be refused admittance to Manchukuo. Mr. Close then visited the Tokyo Foreign Office where he was informed the whole thing was a mistake and that he would have no difficulty in traveling in the puppet state. After a few days in Japan, Mr. Close and his touring party rejoined their ship and proceeded to Shanghai and Manila. When he arrived in Shanghai he picked up one of the local English-language papers and read a report by the Japanese official *Rengo* news service, from Changchun, stating the officials of the puppet state had decided to bar Mr. Close from admission to the Manchurian "paradise." But that wasn't the worst of it, for *Rengo* report also stated that *the movements of Mr. Close in China would be watched very closely*. The official Japanese report then concluded with the following significant sentence, "If the Japanese (intelligence officers or spies?) detect any objectionable behavior in him, they will take such measures as the occasion demands against him on his arrival at Moji, Japan."

The significance of this statement is plain: Any American or other foreigner, traveling in the Far East, who may have on some previous occasion, expressed views critical of Japan, will not only be refused admission to Japan and Manchukuo, but will be watched while he is traveling in China and should he say anything or write anything while in China of which the Japanese disapprove, he will be punished when his ship touches at a Japanese port on the homeward journey. In order to check up on the said traveling journalist, the Japanese military clique presumably will keep him under surveillance throughout his entire journey in the Far East, which probably will include the Philippines as the Japanese have also become greatly interested in that area since the independence issue became acute.

The barring of Mr. Close from Manchukuo and the threat to punish him for utterances detrimental to Japan *while traveling in China* is of special interest because of other recent incidents of somewhat similar character which indicate the intentions of the Tokyo war-lords to regard the Republic of China in future as a Japanese colony. One of these incidents had to do with the kidnapping and deportation of a Chinese naturalized Korean citizen named Wan Po-lun from the Chinese national capital Nanking. Reports regarding the case are not entirely clear, but the Chinese papers reported that Japanese consular police arrested Mr. Wan in the native city of Nanking, almost within the shadow of the buildings of the National Government, took him to the Japanese consulate where he was held for a time before being transported to Japan or Korea for trial and punishment. Later the Japanese denied the report and finally it also was denied by the Nanking Foreign Office, this report being issued through the official *Kuomin* service, alleging the Korean had "voluntarily surrendered to the Japanese Consulate and had asked to be repatriated to Korea." That any Chinese-naturalized Korean should surrender to the Japanese consular police and ask to be sent back to Korea appears strange to say the least. The other incident, previously referred to in *The Review*, was concerned with the arrest at Tientsin of a notorious Chinese gangster named Ho Peng, who had been terrorizing the Chinese city while operating from a base located within the Japanese concession. Ho Peng was responsible for the riots staged in the Chinese quarter of Tientsin late in 1931 which resulted in the killing and wounding of many persons and destruction of considerable property, his object at that time being to overthrow the local Chinese authorities and establish a Japanese puppet government. While the Chinese authorities suppressed the riots they could do nothing about Ho Peng because of his residence within the Japanese area. But the Chinese did manage to arrest him recently and were on the point of bringing him to trial when the Japanese Consul-General appeared on the scene and by threatening military action compelled the Chinese to surrender him to the Japanese authorities who immediately released him—within the Japanese Concession, of course.

This brings us to the question of League cooperation with China in the field of reconstruction, including industrial development, conservancy, highway construction, agricultural and sericultural development and public-health matters. There is nothing new about this cooperation which was arranged two or three years ago, but recently T. V. Soong, Finance Minister, who is now in Europe, met officials of the Geneva organ and arranged for a number of technical experts to come to China. A complete report on

the matter, written by C. Y. W. Meng, correspondent for *The Review* in Nanking, appears elsewhere in this issue, but we are not concerned with that at this time; rather are we concerned with Japan's attitude on the matter which has been most interesting. Inspired reports from Japanese sources bearing on this subject have followed two lines, critical statements through the official *Rengo* service and veiled threats put out from Japanese diplomatic organs. One of these reports in the local Chinese newspapers quoted an unnamed Japanese diplomatic spokesman as declaring that China might expect another "Manchurian and Chapei incident" in the event she continued cooperation with the League. Another report through *Rengo* on July 20 contained a severe attack on Dr. L. Rajchman, the Polish health and sanitation expert whom the Chinese have employed as an adviser. After referring to Rajchman's appointment, the *Rengo* message declared, "In view of our memories of unsavory impressions of the League's handling of the Sino-Japanese dispute which is still fresh in the minds of the officials and people of Japan, it will be necessary for Japan to take steps for the protection of her 'rights and interests' in China, if and when such vested interests should be jeopardised through the political activities of the newly created League Committee, etc."

Of greater significance, however, than any of the foregoing developments, was a report from Tokyo (*Reuters* and *Rengo*, July 24) quoting a spokesman of the Japanese Foreign Office to the effect that Japan strongly objected to loans being advanced to China by the United States and European countries—on the grounds that such loans would be used for the purchase of arms and munitions "resulting in the disturbance of peace in the Far East." The *Reuters* report, referring to the statement of the Foreign Office spokesman closed with the following sentence, "The Japanese Government is watching developments with the closest attention." The *Rengo* message, after stating the sale of arms and munitions to the Nanking Government under the present circumstances would only result in promoting and intensifying internal strife in China "or in encouraging the continued resistance against Japan," concluded as follows, "For this reason, the Japanese Government cannot but express her opposition to the advance to China of loans and supplies of arms to China by the Powers at the present moment, etc."

America's Reply to Japan's Policy of Treaty Violation!

IF there's an armed robber in the neighborhood and he cannot be restrained or incarcerated through ordinary processes of law, then there is only one other course open for peaceful law-abiding members of the community—take steps to protect themselves! That apparently has been the outcome of the political turmoil in the Far East in the past twenty-two months caused by Japan's violation of the League Covenant, Kellogg Anti-War Pact and Nine-Power Treaty and seizure of territory belonging to the Chinese people.

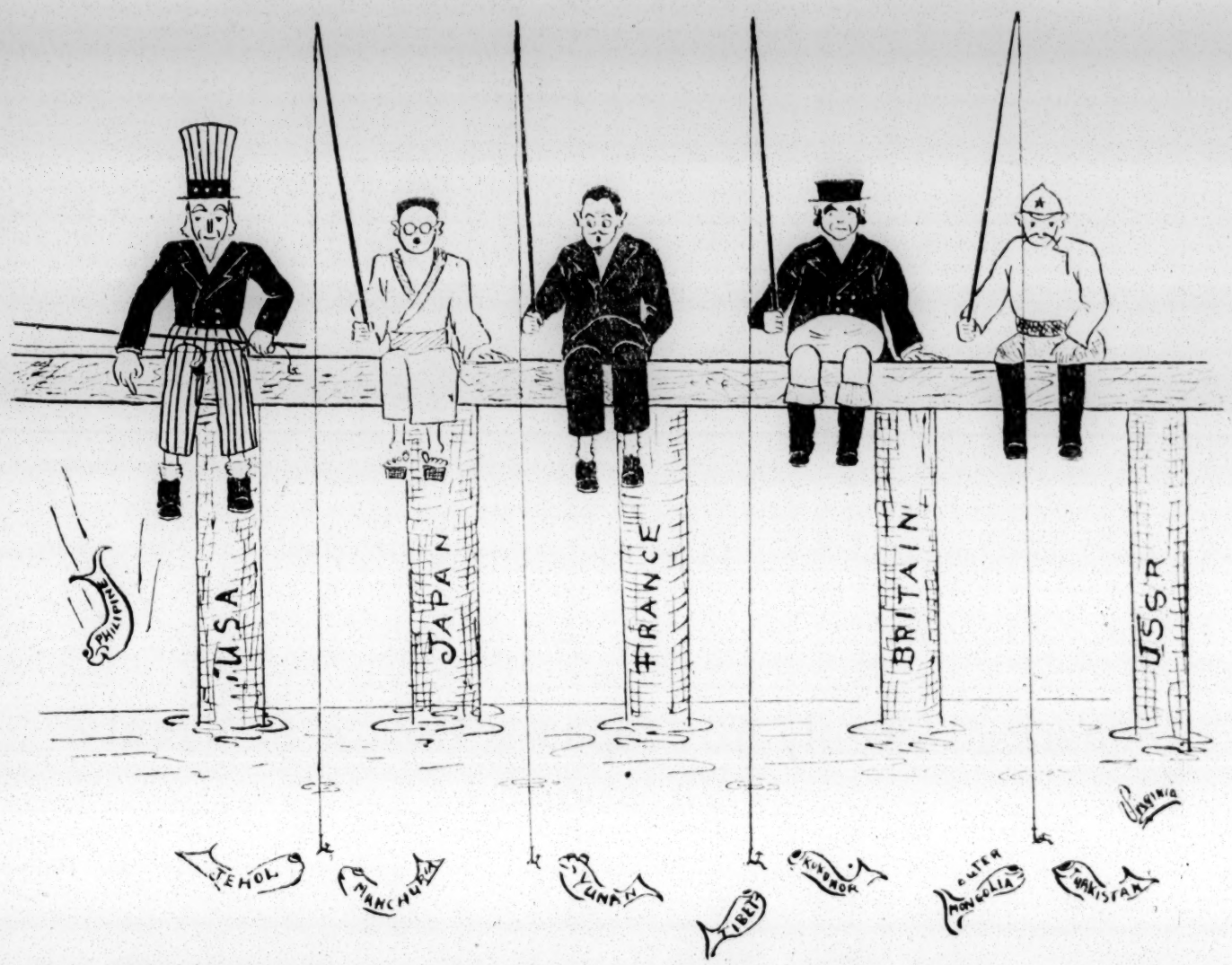
It now seems quite obvious that no nation or group of nations, within the League or outside that organization, is going to take any drastic action to compel Japan to live up to treaties which the authorized representatives of Japan signed in apparent good faith. Japan has occupied Chinese territory by force of arms and from present prospects intends to maintain control of that territory by force of arms. Various attempts made through the League and otherwise to induce the Japanese military clique to conform to the treaties failed abjectly. Japan withdrew from the League and notified the world she was prepared to fight in order to hold her ill-gotten gains.

Since this is the situation which faces the world, a situation which is now generally realized, it has been necessary for other nations to take stock of the "new deal" in the Far East. And the result has been a renewal of the competition in armament, particularly between United States and Japan. To put it in bald terms, Japan has deliberately chosen to become an outlaw among the nations of the earth, hence the only course open for other nations which believe in the rule of law, is to take steps to protect themselves. This apparently is what the United States is setting out to do—protect herself against the international treaty-violator.

Of course there has been no official declaration from Washington to the foregoing effect, but in this case actions speak louder than words, and there is no misunderstanding the import of the actions. After maintaining the status quo and laying down no new warships for more than a decade, the United States has suddenly decided to begin building again. As the *Literary Digest* (July 1) put it, "A big parade back to the shipyards will soon be in full swing as thousands of men get jobs under our new navy-building program. In all, U. S. $238,000,000 will be spent on thirty-two ships to be built in three years." Then to quote the direct words of Secretary of the Navy Claude A. Swanson, "We will build to the fullest capacity. Every navy yard in the United States capable of doing work will have work to do. The program will be pushed with all the vigor we have." Reading further we are informed that bids from private shipyards will be received during July for ships costing U. S. $46,000,000 to be laid down immediately. Next year the amount spent on new shipping will exceed U. S. $105,000,000. From this point the construction will continue until the American Navy has been brought up to full treaty strength, the thirty-two ships now planned including two aircraft carriers of 15,000 tons each, four light cruisers of 10,000 tons each, four destroyers of 1,850 tons each, sixteen destroyers of 1,500 tons each, four submarines of 1,400 tons each and two gunboats of 2,000 tons each.

Conditions are propitious for the United

THE FAR EASTERN INTERNATIONAL "FISH-POND"



This cartoon, drawn by Miss Virginia de Carvalho, youthful Shanghai artist illustrates printedly the present international muddle in the Far East. Japan and various European countries are poesented as angling for large sections of Chinese territory, while Uncle Sam (left) is shown throwing his catch, the Philippines, back into the Far Eastern "fish-pond."

States to embark on this construction program because there is vast unemployment in the United States and this will provide work for many thousands of men now out of jobs. In order to relieve unemployment the last session of Congress appropriated the huge sum of U. S. $3,300,000,000 to be expended on public works. The sum of U. S. $238,000,000 for the initial order for thirty-two new ships of war will come out of this fund. But the American papers say much more will be needed before the United States is able to achieve genuine naval parity with Japan and Great Britain, both of which nations have continue to construct new fighting-craft while American shipyards have remained idle.

The chief reason the American Government has made this important decision has been the breakdown of the World Disarmament Conference at Geneva, but behind that are a number of other reasons, the chief of which is the crisis in the Far East caused by Japan's violation of the entire treaty structure created since the Great War for the purpose of guaranteeing international peace and providing machinery for the equitable solution of differences between nations without resort to war. When Viscount Ishii was in Washington on his way to the London Economic Conference, he held several conversations with President Roosevelt. In one of these conferences, President Roosevelt was quoted as saying, "In the event of other nations deliberately ignoring the American intention and proceeding to increase their armaments, America will be compelled to join in the armament race. For that purpose America is prepared to spend U. S. $4,000,000,000 in the construction of new ships of war." But if further evidence of the American motive is desired it is to be found in recent report from Washington stating that the U. S. naval stations at Pearl Harbor and Panama Canal Zone are to be strengthened immediately and that two strong naval bases are to be developed on the Pacific coast, one at San Diego, California and the other on Puget Sound, probably at Bremerton, Washington, plus the decision to keep the entire U. S. Fleet in Pacific waters.

Japan, naturally, has noted these recent developments in the United States and has announced a naval replenishment program involving the early expenditure of Yen 500,000,000. Japan's program was summed up in a Rengo message which appeared in the *Japan Advertiser* to the following effect,

1. Two light cruisers of 8,500 tons each, to be built at an estimated cost of Yen 41,200,000.
2. Two aircraft carriers of 10,000 tons each, to be built at an estimated cost of Yen 84,000,000. The

tonnage allotted to Japan under the London Naval Treaty is 12,000; therefore one of the two new aircraft carriers will replace the presently used one, the Hosho.

3. Fourteen destroyers of 1,400 tons each, to be built at an estimated cost of Yen 94,080,000.
4. Six submarines, of both large and small types, with a total tonnage of 7,500, to be build at an estimated cost of Yen 40,500,000.
5. One mine layer of 5,000 tons, to be built at an estimated cost of Yen 12,000,000.
6. Eight torpedo boats to be built at an estimated cost of Yen 50,000,000.

In addition to this the program includes an expenditure reportedly totaling between Yen 160,000,000 and Yen 200,000,000 on the aerial arm of the navy. This, according to *Rengo*, will go largely toward the establishment of eight new navy flying units.

In addition to this the Japanese have demanded full naval parity with the United States and Great Britain "in view of Japan's new special position and responsibilities in the Far East." Since the various naval agreements involved in the so-called "5-5-3," program which were adopted at the Washington Arms Conference in 1922, are scheduled to expire in 1936, it means in simple language that the United States as a self-protective measure is going to build up to the full extent of the treaty allotment. The Japanese, according to their recent announcement, are going to answer the challenge and also build. But in a competition of this kind the deciding element always is to be found in the comparative ecnomic strengths of the rival nations. We will not attempt an answer to this important question, but will quote the opening paragraph of an article dealing with Japan's economic outlook which was written by Tetsujiro Shidachi in the Jan. 28 *Christian Century:*

> "Where is Japan going, socially, economically and internationally? This is the question that every thoughtful Japanese puts to himself as he scans the daily papers, filled with disquieting accounts of communist plots, acts of violence committed by reactionary terrorists, financial chaos, unspeakable suffering in both city and country, and international misunderstandings, leading from one strained situation to another. It is the question that stalks like an unwelcome specter into every gathering of men who have the true interests of their country at heart and who look in vain for writing on the wall that does not spell disaster."

Another Fortnight's Record of Banditry and Chaos in the Manchukuo "Paradise"

WHEN the Imperial Japanese Army ousted the Chinese authorities and seized control of China's northeastern provinces in September, 1931—twenty-two months ago—the spokesman of the Japanese military headquarters in Mukden told the foreign newspaper correspondents that Japan's purpose was to create a "paradise" in this area which had been mis-ruled by the Chinese military over-lords. Practically two years have now elapsed and despite the almost super-human activities of the Japanese army and the expenditure of vast treasure and man-power, we read in the well-informed *Japan Chronicle* (Kobe) that conditions never were so bad when the Chinese had control of Manchuria. In the course of a long editorial published on July 11 the editor of the *Chronicle* declared,

> "We are always being told how dreadful the bandits were under the 'feudal' government of Marshal Chang Tso-ling and Marshal Chang Hsueh-liang; but the fact is that they were never so bad under the Changs as now, when, for considerably over a year, the thirty million inhabitants of Manchukuo have realized their dream of overthrowing the misgovernment of Mukden and have set up their own peace and order in Manchuria."

The editorial in the *Chronicle* was concerned chiefly with the predicament of four British officers who were kidnapped by Chinese (Manchu?) pirates from a British freighter anchored in the Newchwang harbor, three and a half months ago. Despite the earnest efforts of the British consular officials in Manchuria and considerable discussion in the British parliament, the Japanese have practically confessed their inability to effect the release of the Britons despite the fact the entire territory is controlled by the Japanese army. The same situation also applies with regard to the American missionary who was kidnapped several months ago in the vicinity of Mukden and still is being held. The *Chronicle* then reprinted several excerpts from the official Japanese paper at Dairen, *Manchuria Daily News*, showing that the banditry situation and general chaos is on the increase, one report telling of Chinese "hoodlums" firing on a Manchukuo official at one of the chief gates to Mukden city. This report stated, "Manchu and Japanese officers in automobiles and carriages have been fired at several times in the same vicinity during the past fortnight." Other reports told of clashes between the Japanese troops and so-called "bandits" in north Manchuria and in the triangular section of South Manchuria, to the south of Mukden where the Japanese have staged numerous bandit raids. The report referring to the situation to the south of Mukden stated, "The bandits of this region are known to have received new suplies of machine-guns, rifles and ammunition recently," but the Japanese report neglected to state the source of the munition supplies. This was disclosed sometime later—the source being the Japanese army munition depot at Mukden and the sellers being soldiers and officers connected with the Imperial Japanese Army.

Last week, or on July 22 to be exact, a spokesman of the Japanese Legation at Shanghai issued a report to the local foreign newspapers which alleged the situation was improving in Fengtien province where it was claimed the number of bandits had decreased from 25,000 in May to about 22,000 in the middle of July. How the Japanese military authorities are able to make such accurate estimates of the strength of bandit gangs in Manchuria, while admittedly unable to subdue them, is beyond understanding. But

FURTHER RECORD OF BANDITRY AND CHAOS IN "PARADISE"

Japanese Troops Give Account Of 301 Fights With Bandits In Year

Japanese Resident Killed
Nippon Dempo Service

Manchuria Bandits Slay 200 Koreans

JAPAN-MANCHUKUO FORCE DEFEATS 2,000 OUTLAWS

One of Three Foreign Hostages Flees from Bandits During Naval Engagement

MANCHURIA BANDITS KILL NEARLY ALL OF JAPANESE ARMY UNIT

Lieutenant, Non-commissioned Officer and 25 Men Die in Valiant Battle

THREE JAPANESE WOUNDED

Relief Forces Arrive in Nick of Time While Machine Guns Are in Action

WARSHIPS CRUISE RIVE

Japanese Use Bombs On Manchu Bandits

BANDIT SUPPRESSION IN LIAO RIVER AREA

Soviet Instigating Bandits, Says Report

Tsitsihar Station Fire Attempt Fails

Danger To C.E.R. Depot Passes As Flames Discovered

40 BANDITS KILLED IN CLASH AT CHINSI

Japanese Soldier Killed, Nine Hurt as Troop Train Overturns During Maneuvers

Young Bandit Leader Caught

Manchoukuo News Service

Three British Officers Remain in Captivity

KOREANS MASSACRED BY BANDITS

Refugees Slaughtered in Kirin Province

A QUASI-WAR

TO BE ABOLISHED UNLESS BANDITS INFEST KAOLIANG

IRREGULARS BEATEN NEAR JEHOL BORDER

Vanguard of Large Force Defeated in Attack Upon Manchoukuo Force

TIEN BANDITS TAKE PREFECTURAL SEAT

anshu Nippo

Manchuria Bandits Get Arms And Munitions From Japanese

Empire Subjects Shocked At News Of Discovery Revealing Guilty Nationals Supplying Outlaws With Guns, Rifles, Bullets

Wealthy Fleeing Into Chucheng

Operations Of Bandits And Kidnappers Cause Scare

PIRATES ESCAPE WITH CAPTIVES

Stiff Encounter with Joint Troops

SCORE OF MARAUDERS KILLED IN BATTLE

Col. Matsumuro, Captured by Bandits, Wins 20,000 of Them to Side With Manchoukuo

Japanese Report Bandits On Run

Local Legation Official Says Irregular Units Below 22,000

Manchukuo Planning Air Defense Drills

Araki Says 1934 Ends Manchurian Incident

Appropriation Year Following Will Be Cut In Half

Bandits In Manchukuo May Work

Present Importation Of Chinese Coolies Will Cease Under New Plan

Fair Wages To Be Given To Former Warriors

On this page are reproduced headlines from English-language newspapers, published chiefly in Japan and at Dairen, giving a further graphic record of increasing banditry and chaos in Manchuria. Most of these newspaper reports, referred to in the accompany article, were published between July 4 and 22, and constitute a continuation of the record previously published in *The Review* on July 8 and 15.

nevertheless they do continue to issue optimistic reports giving allegedly accurate figures regarding the decrease in the number of lawless elements. But the reports of the officials often are belied by news reports dealing with bandit incidents sometimes appearing in the same issues of the papers containing the said optimistic declarations. For example the report regarding the alleged decrease in banditry by a spokesman of the Japanese Legation here was issued on July 22. Two days later, or on July 24 the *United Press* reported from Hsinking (Changchun) that 400 bandits had attacked a train near Shuanghochen on the Kirin-Hailun railway and carried away forty passengers into captivity. The victims included several Japanese and four or five passengers were killed before the arrival of a unit of Japanese cavalry which chased the marauders away.

However, as stated in previous discussions of this subject in *The Review* (July 8 and 15), the real story of increasing chaos in Manchuria is told not in the official statements of the Japanese General Staff or Japanese diplomatic offices, but in the newspaper reports published in the Japanese newspapers dealing with actual bandit incidents. As we write these lines we have before us no less than 79 clippings from newspapers published in Japan or in Dairen, or from the Japanese news services, telling of the depredations of so-called bandits in all parts of Manchuria. One of the most revolting was a report brought to Dairen by an un-named foreign missionary who stated that Japanese troops sent to suppress the so-called "volunteers" in eastern Fengtien province had been guilty of wholesale massacres perpetrated upon the native inhabitants. The missionary was quoted as saying that "thousands of innocent peasants were killed by mistake for volunteers, due to the fact that the volunteers did not wear uniforms, but were attired in ordinary clothing." This incident allegedly happened at the town of Huanjen where the volunteers had fled to a mountain to escape the Japanese. The Japanese threw a cordon about the base of the mountain preventing the Chinese from escaping while Japanese airplanes bombed the inhabitants, including men, women and children, causing thousands of casualties.

Space is not available for a complete summary of the incidents described in the various clippings from newspapers in Japan, covering a period of less than twenty days, but the headlines of some of the more important incidents reproduced herewith tell their own story far more eloquently than anything which we might write on the subject. Many of incidents tell of isloated murders such as the shooting of a Japanese sentry by a Chinese at Shanhaikwan on July 20, the killing of a Japanese officer, Major Mizuno, by a Manchukuo soldier at Harbin on July 12, while other reports tell of more serious happenings such as the massacre of 200 Koreans by Chinese bandits near Laoling on July 12, etc. One report was of special significance in that the commander of a Japanese regiment which had been operating in Kirin province, declared he had fought more than 300 engagements with bandits within the year. Another significant element in the reports is the evidence presented that the larger bandit gangs have not been broken up. Many of the reports told of engagements with bands of volunteers or bandits ranking from 2,000 to 6,000 in strength, hence the recent statement of Field

MORE BANDITRY IN "PARADISE"

DEMAND FOR HOSTAGES
Japanese Is Killed By Mukden Burglar
MANCHURIA REDUCES BANDITS BY 150,000
Total Number There Now Fewer Than 50,000, Declares Official Estimate at Changchun
HARBIN CONVICTS ESCAPERS
Three Caught After Breaking Prison Two Still at Large
30 Men Are Killed
Japanese Troops Encounter Powerful Bandits
BANDITS IMPERIL HIKERS
Warning Notices Are Posted Along Mukden-Antung Line
Troops Successful In Drive Through P
Gunboat Halts Ship; Arrests White Russians Aboard; Hsinking to Protest
Manchoukuo Vessel's Guards Taken Away
20 Pirates Of GangHolding ritonsKilled
Amur River Boat Seized
JAPANESE 'PLANES BOMB BANDITS
Ninety Casualties Inflicted on Tufei
SMUGGLING RING EXPOSED
AGENTS OF BANDIT CHIEF ENTER MUKDEN
Manshu Nippo
KYO, FRIDAY, JULY 14,
Attempt To Blow U Nippon Power Station
KOREAN TOWN IS ATTACKED
Armed Bandits Cause Fires and Over 30 Prisoners
JAPANESE REPULSE BRIGANDS AT CHINSI
Unit of Takata Corps Still Pursuing Fleeing 3,000, Mukden Is Informed
200 PEASANTS ARE KILLED
Says Marshal
Manchukuo Planning To Effect Tungsang Prisoners' Liberation
Ship From Which Whites Taken Captured Again
CAPTIVES

In this column are reproduced further headlines from newspapers in Japan and Dairen which tell their own story of banditry and chaos in Manchuria. This record is a continuation of the compilation appearing on the preceding page and of similar reports which appeared in *The Review* on July 8 and 15.

Marshal Muto that the larger bands had been broken up, is not borne out by the reports telling of actual engagements which appear in the Japanese newspapers.

On July 24, *Reuters* issued a report from Changchun telling of the present strength of the so-called "Manchukuo army" which the Japanese have organized since the creation of the puppet state. This army is now composed of 18 infantry brigades, 12 cavalry brigades and four training units, totalling 108,264 men. If to these native troops is added the Imperial Japanese Army, Japanese railway guards, gendarmes and special Japanese police, ranging anywhere from 50,000 to 80,000 men maintained in Manchukuo for national defence purposes under the Japan-Manchukuo protocol, it proves quite conclusively that the Japanese have not eliminated militarism from China's northeastern provinces. The number of Chinese troops maintained in the territory prior to the Japanese occupation never was known exactly, but we venture that the large Chinese armies always poorly paid and imperfectly equipped, did not cost the Manchurian peasants anything like the sum now expended on the Japanese and Manchukuo forces, all of which, of course, must come out of the pockets of the Manchurian peasants, or the equally tax-ridden peasants of Japan.

Will Feng-Japanese Crisis in Chahar Precipitate New Civil Warfare?

THE present muddled situation in north China with two Chinese military factions on the point of starting a new civil war apparently proves the widely held theory that the Japanese are much less dangerous as military opponents than they are as intriguers under the cloak of peace. Proof of this statement exists in the fact that present political turmoil in China leading in the direction of a renewal of civil warfare is a direct result of Japan's attempt to accomplish by intrigue what her army was previously attempting to accomplish by force of arms. Prior to the signing of the so-called Tangku truce agreement on May 31, the Japanese army was on the point of occuping both Peiping and Tientsin, Japan's object being to create a buffer zone or state in the north which would compel China to recognize the independence of Manchukuo. In order to save Peiping and Tientsin from Japanese occupation, which might have had disastrous effect on the National Government from the standpoints of loss of finance and prestige, Nanking decided to negotiate a temporary peace with the Japanese army.

It is this truce agreement and Japanese manipulation of the situation since that time that is at the bottom of China's present domestic complications. The reason for this is that Japan has so manipulated the truce agreement as to establish her control over the extensive "neutral" zone between Tientsin-Peiping and the Great Wall and this in turn has provided military factions opposed to the National Government with political ammunition for launching a renewed drive against Gen. Chiang Kai-shek and his associates who now control the central administration in Nanking.

To put it in simple terms, Marshal Feng Yu-hsiang, who personally did little to help the Central Government while the actual fighting was in progress, has now decided to continue the struggle against the Japanese. In making this move the Christian General has been able to rally to his support considerable public opinion throughout the country, due largely to the fact that the Tangku truce arrangement and ensuing Dairen agreement of July 4 have produced an unfavorable impression throughout the country. The Chinese people generally realize that Feng is a political opportunist and that he has a double purpose in his present move, but despite this, there is no questioning the fact that Feng's announced determination to oppose Japanese occupation of Chahar province has been popular, despite the fact that it may ultimately provide the Japanese with additional excuse for occupying the entire area. As a matter of fact Japan's chief warlord, Gen. Araki, announced many months ago that he considered Japanese control of Kalgan as necessary for the security of Manchukuo's western border, and nothing has occurred since to indicate the Japanese have changed their minds.

The present situation therefore seems to devolve on the point whether China's military and political leaders of all factions have sufficient intelligence and patriotism to continue their united opposition to foreign aggression, or whether they intend to pursue a short-sighted selfish policy leading to a resumption of civil war which can have no other result than to permit the Japanese to accomplish through intrigue what they have thus far failed to accomplish through military means—the breakdown of Chinese resistance.

That the present situation has worked out greatly to Japan's benefit is shown in the fact that while the central forces have been squabbling with Feng Yu-hsiang over the control of Chahar, the Japanese army has been able to establish its practically undisputed control over the extensive "neutral" zone embracing 5,000 square miles of Chinese territory south of the Great Wall. This was indicated in dispatches from Tokyo, Peiping and Jehol City on July 24 and 25, stating that Japanese troops will continue in control of the section of the Peiping-Mukden railway between Tangku (20 miles east of Tientsin) and Shanhaikwan, and that a so-called "independence" movement has been started in Miyun district a few miles to the north of Peiping with the object of annexing that area to Japanese-controlled Jehol. According to the *Rengo* message telling of this development, the independence movement in the Miyun area was started by a 62-year old Manchu named Ho Yung-yo who allegedly requested that the Japanese garrison should remain in Miyun. The Japanese report concluded with the statement, "it will be only a question of time before the inhabitants of the area demand amalgamation with the new state

of Manchukuo." For those who have followed Japanese activities in Manchuria in the past twenty-two months, these terms are familiar and a clear indication of Japanese future intentions with respect to this important area.

Owing to the censorship on news pertaining to military movements and conflicting propaganda from the opposing camps it has been difficult to determine what has occurred in the Chahar situation in recent days. On July 22 *Reuters* carried a report from Tokyo quoting a War Office communique to the effect that Marshal Feng Yu-hsiang had voluntary evacuated Dolonor in order to avert a threatened clash with a large force of Japanese and Manchukuo troops which Gen. Muto had dispatched into eastern Chahar province. A Japanese *Rengo* message from Peiping on July 24 alleged that Feng's representatives had called on Gen. Nakamura, commander of the Japanese garrison at Tientsin and allegedly had offered to evacuate Dolonor if the Japanese would discontinue their advance on the city. A somewhat similar report also was carried by *Reuters* service from Peiping, alleging that Feng's representatives in Peiping had approached the Japanese military attache in Peiping to similar effect. With regard to the Japanese advance into northern and eastern Chahar, *Rengo* reported from Mukden on July 20 that a Colonel Matsumuro had been dispatched to Chengteh (Jehol City) with instructions to recruit a large force of Jehol bandits for use in the advance on Dolonor. The report claimed the leaders of a number of Jehol "bandit" gangs had offered to join the Manchukuo force on condition they be permitted to capture Dolonor from Feng Yu-hsiang. Earlier Japanese reports from Mukden stated the Japanese were sending a combined force composed of one Japanese division and about 30,000 Manchukuo troops to Dolonor, the size of the contingent indicating the Japanese intention to continue the drive to Kalgan. A further dispatch from Chengteh, capital of Jehol stated there was much military activity in that city due to the dispatch of numerous airbombers and military supplies including armored cars and artillery to the western Jehol border.

Later messages, however, from both Chinese and Japanese sources have indicated that Marshal Feng still is in control of Dolonor, despite Japanese reports to the contrary. A *Rengo* report from Tokyo on July 25 stated that "although Feng's representative had called on the Japanese military headquarters at Tientsin and had offered to withdraw his troops voluntarily from Dolonor, leaving only a small force for the maintenance of order, the Japanese military was dissatisfied and had demanded Feng's complete evacuation of the city in observance of the spirit of the Tangku truce agreement." Another Japanese *Rengo* message from Tientsin, also on July 25, alleged that Feng was alarmed by the "strong attitude of the Japanese Kwantung army which is preparing for a military action against Feng's base at Kalgan, hence Feng's representatives in Tientsin had wired him advising the withdrawal of his troops from Dolonor in the vicinity of Kalgan *in order to appease the Japanese attitude*." This Japanese message concluded with the significant statement, "Marshal Feng has been endeavoring to throw the Manchukuo administration into disorder by secretly sending communist workers into Jehol."

Further evidence that Marshal Feng has not evacuated Dolonor was provided in a message circulated by the Chinese official *Kuomin* service from Peiping on July 24 which stated that two Japanese airplanes "after circling over Dolonor in eastern Chahar had proceed to Kangpao in western Chahar and had distributed handbills announcing that the Japanese military will launch a heavy attack on Dolonor and raze the city to the ground if Feng's 'Anti-Japanese army' fails to evacuate the city. Another dispatch which appeared in the *China Evening News* (Shanghai) on July 25 also referred to Japanese airplanes scattering handbills over the cities of northern Chahar threatening early bombing raids in the event Feng's troops were not withdrawn immediately. This report stated further that while neither the Japanese or Manchukuo troops had as yet started hostilities at Dolonor or Kuyuan, it was evident they were pressing on the cities with the intention of surrounding them.

These reports would seem to indicate that the Japanese military authorities are not only determined to drive Feng out of Dolonor but also out of Kalgan, hence major hostilities on that front may be expected shortly—providing of course the Christian General does not evacuate the area beforehand. The *Rengo* message from Tokyo on July 25 indicated quite clearly that the Japanese military authorities regard both Dolonor and Kalgan as within the scope of the Tangku truce agreement requiring the evacuation of Chinese troops from the so-called "neutral" zone.

SITUATION ON PEIPING-KALGAN SECTOR

What the National Government intends to do with regard to the crisis with Marshal Feng over the pacification of Chahar province is not known, but a report from Nanchang which appeared in the *Shun Pao* on July 23 stated that Gen. Chiang Kai-shek and Wang Ching-wei had reached a definite decision regarding the Chahar situation. The nature of the decision, however, was not stated. A later report in the *China Times* (July 24) stated that the military conference called by Gen. Chiang at Kuling had decided upon definite measures for the rehabilitation of the so-called northwest territories including Kansu, Shensi, Chinghai, Sinkiang, Sikang, Mongolia, Ninghsia and Tibet, but nothing was said in the message about Chahar or Suiyuan which are now under the influence of Marshal Feng Yu-hsiang and Gen. Yen Hsi-shan and their lieutenants.

However, Nanking's attitude toward the Christian General was clearly indicated in a message distributed to the Shanghai newspapers on Tuesday night (July 25) which denounced Feng in scathing terms and charged him with creating a reign of terrorism in Kalgan and throughout Chahar province. The message claimed that residents of various cities in Chahar province had appealed to the National Government to send forces to dislodge the Christian General who was oppressing the people, commandeering their property and under the camouflage of opposing the Japanese, was building up his own power in the province. The telegram claimed further that Feng's "sinister ambitions" were evidenced in his

construction of several lines of trenches at Hsuanhua and Kalgan and that several thousand of his troops were being concentrated in these areas with the object of opposing the Central Government's troops. "Under the pretext of national salvation, Feng is really harboring the intention of creating domestic strife. His troops are hardly distinguishable from those of the Manchukuo puppet troops in the Luan-Tung area." This official dispatch from Nanking concluded with the significant statement that the dispatch of Central Government troops to Chahar "had been a source of great relief to the people of the province and regret was expressed that the relief had not been sent earlier in order to prevent the 'red-menace' from gaining headway in the province." Hope was expressed that Nanking would save Chahar's 3,800,000 people and 830,000 square li (1 li equals one-third of a mile) of territory from Feng's "red-menace."

A further significant development in the situation was a report which appeared in the Chinese edition of the *Shanghai Evening Post* on July 25 stating that a hitch had occurred in the evacuation of Gen. Sun Tien-ying's troops from the district about the Nankow pass, located about fifty miles to the northwest of Peiping on the railway connecting Peiping and Kalgan. Gen. Sun Tien-ying, a former Feng subordinate, with some 50,000 troops has been occupying this area since the discontinuance of the Sino-Japanese warfare in the vicinity of the Great Wall. Sometime ago Gen. Chiang Kai-shek appointed Gen. Sun chairman of Chinghai (Kokonor) province bordering on Tibet and ordered him to move his troops to that frontier district. Gen. Sun on one pretext or another has delayed his departure thus giving the impression he was attempting to serve as a buffer between Feng's forces at Kalgan and the Central Government's troops at Peiping. According to the report in the *Evening Post*, Gen. Sun has only moved some 20,000 of his troops out of the Nankow Pass area, but 30,000 are remaining and Gen. Sun has now demanded a further appropriation of $600,000 before consenting to evacuate the railway. Gen. Sun was reported to have moved his headquarters from Nankow to Kweihwa which is in Suiyuan province to the west of Chahar. The 20,000 troops which he withdrew from the Nankow Pass area were reported to be at Potowchen in Suiyuan province at the end of the railway leading westward from Kalgan.

Although unconfirmed elsewhere a dispatch published in the *Eastern Times* (Shanghai) on July 24 stated that a clash already had occurred between Feng's troops and the Government forces in the vicinity of Hsiahuayuan on the railway south of Kalgan. A further message from independent sources at Tientsin on July 20 claimed there had been several serious clashes between the Government's and Fengs troops and that several wounded soldiers had already arrived in Peiping hospitals. Marshal Feng's representatives in Peiping telegraphed the Chinese Red Cross at Shanghai requesting assistance for wounded troops in his camp, but this was thought to refer to men who had been wounded in the fighting at Dolonor when Feng's forces occupied that city from the Japanese and Manchukuo troops.

CANTON SUPPORTS FENG'S ANTI-JAPANESE MOVEMENT

That sentiment in Canton is practically 100 percent in favor of Marshal Feng Yu-hsiang's activities has been indicated in reports from south China which are now appearing in the Chinese and foreign newspapers. However, there seems to be considerable question as to whether Canton's support will be more than verbal denunciations of Nanking's attitude. Voicing this point of view the *China Times* in the course of an editorial on July 24 said, "the fact that Marshal Feng's action has won sympathy for him in various quarters is indicated in the fact that various influential interests are working for him, but how far their cooperation will go if the Central Government sends a military expedition into Chahar is a matter of doubt." The editor of the *China Times* declared that the general political situation in China is in a highly explosive state and that everything is set for a disastrous blow-up. To say that the situation would be eased if no military expedition was sent against Feng is entirely a mistaken idea."

Space is not available for a complete summary of numerous reports indicating Canton's attitude on the present crisis which have appeared in the local Chinese and foreign newspapers. A dispatch from Canton through *Reuters* on July 25 stated that the Canton censors had suppressed all reports alleging Feng had evacuated Dolonor but on the other hand had given full publicity to Feng's victory over the combined Japanese-Manchukuo forces. Other reports from Canton quoted telegrams sent to the Nanking authorities by the Canton Political Council denouncing the National Government for sending an expedition against Feng and demanding the abrogation of the Tangku truce agreement. Of further significance was a telegram circulated by Tang Shao-yi and Chen Ming-hsu threatening to "stir up the entire country" unless Nanking witheld its drive on Kalgan. The Canton Political Council on July 18 sent further telegrams to the two Nanking commanders, Generals Feng Chin-tsai and Pang Ping-hsiun, who are leading the Peiping troops against Feng's base at Kalgan, declaring that Feng is a "real patriot," and that they should combine with Feng rather than oppose him. Canton political leaders also have sent numerous telegrams to other northern leaders such as Yen Hsi-shan, controller of Shansi and Han Fu-chu, controller of Shantung, demanding they take steps to prevent Nanking's drive on Feng. The fact that the Northeastern squadron of the Chinese Navy, formerly under the command of Marshal Chang Hsueh-liang, stationed at Tsingtao, has gone to Canton, has naturally been of considerable significance.

Memory of Imperial Concubine to be Honored at Canton

Preparations are under way at Canton, for the commemoration of Lu Chu, the famous imperial concubine of Huang Ti, Emperor of China. Traditionally accepted as the founder of the silk industry, history records that she discovered, over 4,000 years ago, the art of rearing cocoons.

Under the auspices of the Bureau for the Improvement of Sericulture, the celebration will be held on the seventh day of the Seventh Moon, which falls this year on August 27.

RAISING THE MONEY AND JAILING THE MALCONTENTS IN JAPAN

THE time of the Japanese Government in these days seems to be about equally divided between trying to devise schemes to raise the money to meet the increasing naval and military expenditures and to find room in the prisons for the Communists—under which convenient euphemism are classed all those who raise their voices seriously against the bureaucracy which fosters the mad program of expenditure on which the country has embarked—who are being taken into custody by the Police as a matter of daily routine. At last accounts the Japanese War Office was demanding a sum of from Yen 540,000,000 to Yen 550,000,000 in the budget for the next fiscal year and according to an editorial in the *Japan Chronicle*, the number of Communists in Japanese prisons had reached more than twelve hundred. Two hundred of these are reported to have "repented" while in prison—no details given as to how their conversion was effected.

In the meantime the members of the Japanese Cabinet are continuing the old controversy as to the means to be employed for raising the money called for by the increasing expenditure in the various departments, and particularly by the Army and Navy. It is a foregone conclusion that either the taxes will have to be still further increased, or else still further loans will have to be raised—if that is possible. True to form, the two leading Cabinet Ministers, Finance Minister Takahahsi and War Minister Araki view the subject from two diametrically opposed points of view. In order to hold the support of the commercial interests, Mr. Takahashi opposes the imposition of further taxation and favors a policy of floating still more loans. On the other hand, General Araki, whose military upbringing envisages no particularly tender feeling for common tradesmen favors a scheme of taxation.

Both the Seiyukai and Minseito are "hedging" on the taxation issue, for political reasons. However, the Kokumin Domei, the third party, has clarified its attitude that the party is opposed to a tax raise for the sake of balancing the budget, but urges the Government to formulate a definite tax raise program for equalization of the economic burdens of the people. The Kokumin Domei regards an increase in the claims for appropriations by the War and Navy Offices and other Offices too as inevitable because party leaders are apprehensive of the aggravation of the gravity of the situation in 1936 after the expiration of the London Naval Treaty. The nation must make adequate appropriations for the national defence, it must prepare against economic blockades through industrial independence, and must rehabilitate the forms for the development of the people's economic prosperity. The party, however, recommends that new expenditures should be obtained by bonds.

In the end, according to Dr. S. Washio, (*Japan Advertiser*, July 15) neither a tax increase nor the loan conversion talked about in connection with the budget for next year is likely to materialize. So dispirited is the advocacy of either and so conflicting the interests involved that the line of least resistance, that is a repetition of last year's loan policy, will prevail despite the apprehension universally felt about it. Mr. Takahashi, whose attitude was equivocal until a few weeks ago, is reported to be against a tax increase. The reason of his disinclination (he does not positively oppose) is a reiteration of what he said last year. A tax increase is premature and will hurt business that has just started on the road to recovery. It is a poor policy, he thinks, to thwart business recovery in order to balance the budget. This conviction is in his opinion reinforced by the failure of the London Economic Conference.

A movement in favor of substituting the existing so-called emergency Cabinet under Viscount Saito by a strong coalition Cabinet under the hegemony of the two biggest political parties, namely the Seiyukai and the Minseito, has been started recently by influential leaders of the two parties.

The foreign trade of Japan is considerably affected by the tariff increases and import restrictions now so popular throughout the world. They have had an unfavorable effect upon Japan's exports. Unusually large raw cotton imports for the first 10 days of July were primarily responsible for the adverse turn of Japan's foreign trade for the period. The unexpected unfavorable turn of the foreign trade of Japan for July 1-10 after the consecutive export excess for four similar periods up to June 21-30 has caused many quarters in Japan to become pessimistic about the outlook for foreign trade for the second half of this year, although it has been generally considered to be the "export season." According to the analysis of the July 1-10 trade, cotton textiles, silk textiles and other principal exports decreased. The heaviest decrease was witnessed in cotton textile exports, the amount of the decline being Yen 5,000,000. The decrease of cotton yarn and cotton textile exports is considered to be a reaction to the recent oversales, as well as an outcome of the Indian higher tariff decision. The tariff decision has psychologically affected Japanese cotton goods exporters and prevented large transactions. The inactivity of the cotton trade is also attributed to the monsoon season in the Indian Ocean, no new shipments to Dutch East Indies other than contracted goods, the Egyptian tariff increase, the Turkish import restriction, and small business with South Africa.

Twenty-four students of Tokyo Imperial University had been arrested up to July 14 the *Asahi* reported, in a roundup following charges that an active Communist organization had been revealed in the student body. Police were quoted as saying that the arrests were expected to reach 40. Authorities began their investigation when they became suspicious of extreme radicalism behind recent student disturbances at Tokyo Imperial University consequent on the dismissal of Dr. Takikawa, former professor of the law department of Kyoto Imperial University, whose utterances on social conditions were found objectionable by the Education Ministry.

Evidence indicating that the leaders of the Nihon Seisanto were actually preparing to carry out a major-scale plot of arson and assassination when about two suspects were arrested July 11 is extensive, including according to press accounts, three Japanese swords, one short sword, 18 canteens filled with gasoline, eight automatic lighters, 10 banners bearing slogans and a detailed plan of the Metropolitan Police Board headquarters building. There were also about 50 Japanese towels bearing the chrysanthemum-and-water crest made famous through its use by Masashige Kusunoki, a loyalist of note in the reign of the Emperor Godaigo, in the early 14th century.

The alleged conspirators, it was revealed, called themselves Dai Nihon Shimpeitai, or God's soldiers of Japan. As the police envisaged the conspiracy, the terrorists were to split into several groups and act simultaneously. Police headquarters was to be invaded and burned; other important government buildings and residence were likewise to be attacked and burned, and certain prominent statesmen, financiers and others assassinated. The handbills appealing to the populace were to be distributed and then the terrorists were to surrender. But this did not apply to one special group. It is charged that four men had undertaken the most difficult tasks of attacking the police headquarters building and the Premier's residence.

As the result of examination by the Shanghai Consular police, of charges against the three Koreans who were arrested in March while plotting the assassination of Mr. Ariyoshi, the Japanese Minister, they are to be formally indicted before the Nagasaki District Court on charges of violating the explosives control regulations, damaging furniture and conducting preparation for a murder. The prisoners were transferred to the Nagasaki prison from the Shanghai Consular police detention house, several weeks ago.

The first public trial of 11 army cadets, who were involved in the assassination of Premier Tsuyoshi Inukai on May 15 of last year, was held at the Court Martial of the First Army Division at Tokyo July 25 with Lt.-Colonel Nishimura as presiding judge.

Chinese Gradually Re-occupy Luantung Area

The reoccupation of the Luantung area by the Chinese is proceeding gradually. A new Chinese magistrate arrived at Tangshan July 23 and consulted with General Li Chi-chun, as a result of which he sssumed control of the district the following morning together with the Bureau of Public Safety. He has also arranged for the districts of Ningho, Yutien, Tengjun, Luanchow, Loting, Chienan, Lulung, Changli and Liuyun to be taken over. The Peiping-Mukden Railway was instructed to provide cars to carry off General Li Chi-chun's men, who will be dispersed.

A delay occurred in the taking over of Miyun. As a result the magistrates for Huaiju, Miyun, Kihsien, Tsunhua and all districts north of Peiping have proceeded to said place for a conference.

Japanese Give Warning to General Feng

A representative of Marshal Feng Yu-hsiang on July 23 paid a visit to Lieut.-Gen. Nakamura, Commander of the Japanese Garrison in Tientsin, and pointed out that Marshal Feng had withdrawn all his men from Dolonor, leaving only several hundred men of the public safety corps. Lieut.-Gen. Nakamura, in reply, warned Marshal Feng's representative, that the Japanese army always maintained its definite policy and that, unless Marshal Feng showed his sincere attitude to Japan and Manchukuo by withdrawing his men at least to the line along Changing and Yenching, the Japanese were prepared to take such measures as it may deem necessary.

Cantonese support for Marshal Feng Yu-hsiang, was made evident July 21 when the so-called Association for the Relief and Assistance of Volunteers at Canton decided to remit $50,000 to his forces as an "encouragement."

Manchukuo Reduces Customs Duties on Many Articles

A wholesale revision of tariffs, mostly downward, has been made by the Manchukuo Government in its new tariff which was approved by the Privy Council at Changchun, July 20. The new tariff is regarded as throwing a bombshell among the trade barriers which other countries have been vying with each other in erecting. Imports on which the duty is reduced include mining and electrical machinery, building materials and rubber goods, while agricultural implements are among the articles on the free list. Duties on necessities are reduced or abolished while those on luxuries like cigars are increased. The goods on which export duties are abolished include wood pulp, paraffin and mineral oils. The Manchukuo authorities are optimistic regarding the resultant customs revenue.

The Japanese immigration program for the current fiscal year, 1933-34, has been officially announced. In addition to the 1.000 Japanese immigrants who have already settled at Chiamusu and Fuchin, on the Sungari River, the new program provides for the settlement of 2,000 Japanese families along the railways between Kirin and Tunhua, Tunhua and the Tamen River and between Lafa and Harbin.

Mukden Growing Fast

Mukden, the seat of the former North-eastern Government, is reported in a recent *Rengo* message to be one of the fastest growing cities in Manchuria. Since the outbreak of the Manchuria incident, numerous new enterprises have been started there. The registered population of the railway zone alone, according to a recent census, totals about 55,000, an increase of over 20,000 since the Manchurian incident. In addition, the population of the walled town and commercial mart area is about 260,000, excluding those who are not registered.

The Tunhua-Kumen line, which forms part of the newly laid trunk line connecting Changchun with the Japan Sea coast of Northern Korea, will be opened for public use August 1.

Construction of the Central Meteorogical Observatory which is to be built in Nanling, in the surburbs of Changchun, will be started early next month at an expenditure of about Yen 1,200,000.

Dr. Chao Hsin-po, President of Legislative Council, sailed during the week from Dairen for Japan, where he will study the Constitutional system of Japan.

Colonel Tao, leader of a force of "bandits" lately operating near Mishan, has been killed in an engagement north-east of that city, according to reports received in Harbin from Japanese sources.

Where Did Funds Collected for General Ma Chan-shan Go?

In connection with the reported embezzlement of the funds contributed by various public bodies to meet the military expenses of General Ma Chan-shan and other Volunteer leaders in Manchuria the total amount contributed by the public since the September 18 Incident, is estimated at $20,000,000, of which General Ma only received $1,400,000, or less than one-tenths of the amount actually contributed. But where has the remaining nine-tenths gone to? This is the question which the public is now asking. It is suggested that, as the funds to General Ma were always remitted through Harbin, they have probably been confiscated by the Manchukuo authorities, but the *Sin Wen Pao* points out "that all the money remitted to Heilungkiang went through regular banks. It is the duty of the banks to see that such remittances are delivered to the right man. The public now demands to know who has the rest of the money."

Still Another Japanese Casualty List

The Japanese War Office announced July 21 the complete casualty lists due to the Manchurian and Shanghai "incidents," up to July 20 from the outbreak of the trouble on September 18, 1931. The total casualties, according to the War Office, amount to 2,530 killed and 6,896 wounded.

House of Commons Discusses Chinese Railway Revenues

The diversion of Chinese Railway reveunes allocated for the service of loans was brought to the attention of the House of Commons July 24 by a Conservative member. The Government replied that the Chinese Government had given an assurance, in the case of the Peking-Mukden Railway, that the allotment of railway funds to supplement military requirements would not be repeated.

Shanghai District Court Also Mentioned

The question of more efficient working of the Shanghai District Court and the suggestion that the British Minister to China should at all times avail himself of the assistance of the Crown Advocate in that connection was raised in the House of Commons by a Conservative member. The Government replied that no negotiations, as implied by the questioner, had occurred or were contemplated. The Government incidentally stated that for the present the British Legation would remain at Peiping.

National Salvation Federation Being Formed

The Federation of National Salvation Associations was scheduled to hold its inaugural ceremony on July 27 at the Sun Sun Hotel on Nanking Road. All the public bodies in Shanghai were requested to send representatives.

The *Shun Pao* says the Shanghai Citizens Federation is now encouraging merchants to spy on each other over their conduct in the anti-Japanese boycott movement. Many sealed boxes have been installed in front of the Federation building and merchants and the public are requested to put in reports giving the names and address of shops which are still importing Japanese goods.

The Function of the New Administrative Court Explained by President

In connection with the new Administrative Court, Mao Tsu-chuan, President of the Court, in an interview with a *Kuo Min* correspondent, pointed out that the new Court was essentially a machinery for the redress of wrongs done to private individuals by Government administrative organs. Although the new Court was similar in nature to the Administrative Court under the former Peking regime, there was one important difference in that while the old Court was invested also with the power of meting out disciplinary punishment to delinquent officials, the new Court does not possess this power.

Mr. Mao pointed out that all the necessary legislation regarding the organization of the new Court and the procedure to be followed in its proceedings had been promulgated by the National Government; the Administrative Procedure Law having formally come into effect on June 23, 1933,—the day on which the new Court was inaugurated.

The Relative Status of Chinese in Hongkong, Macao and Canton

BY WILBUR BURTON

THE British crown colony of Hongkong, the Portuguese colony of Macao, and the Chinese metropolis of Canton that are located within a few hours of each other by boat or train offer one of the most interesting studies in contrasting civilizations that can be found in the modern world. Hongkong and Canton are three hours apart by train; it is about four hours by boat from Hongkong to Macao and a little longer from Canton to Macao, also by boat. The overwhelming bulk of the population in each place is Chinese speaking a common language and having their origin in Canton or within its political and social orbit; yet three more unlike places would be difficult to find elsewhere, at least so close together.

In previous articles in the *China Weekly Review* I have discussed each of these places separately; I have told of Hongkong's amazing morality and magnificence, I have described Canton as the most progressive Chinese city in China, and I painted as luridly as I could the fantastic (or *fan-fan-tic*) vice of Macao and its charming decadence. In this article I shall confine myself to the study of one issue not touched upon, save perhaps indirectly and possibly somewhat misleadingly, in previous articles: the relative status of Chinese in Hongkong, Macao and Canton. Which is better as a place of residence for the average Chinese? And it may be stated at the outset that each place appears somewhat differently from this viewpoint than it was pictured in my previous articles.

Legally, Chinese have a special and somewhat similar status in all three places. Canton, of course, is Chinese; save for the small and politically insignificant British and French concessions comprising the island of Shameen in the Pearl River, Canton is completely under Chinese rule,—and it is the only major large and strategic city of China that is completely under Chinese rule. China, on the other hand, has no sovereignty, real or nominal, over either Hongkong or Macao,—and they are, incidentally, the only ex-Chinese areas over which China has formally relinquished her sovereignty by treaty. But while China has ceded all rights to both Hongkong and Macao, Chinese are free to enter and live in either place without any formality. Other foreigners—for, legally, Chinese not born in Hongkong or Macao are foreigners—can enter either place without formality, but in Hongkong they must have valid passports to remain and in Macao they must register if they stay longer than three days. These regulations are not, however, very strictly enforced, but they do exist and all foreigners except Chinese must act accordingly if they wish to be sure of avoiding difficulties.

Deportation as a Form of Punishment

But while Chinese are freely admitted with no formalities to Hongkong and Macao, both colonies exercise the right of deportation back to China if and when they see fit. In fact, deportation is the most common form of punishment for offenses against the law in either coolny. Banishment may be permanent, or for a stated length of time. It may follow a jail term, or be the sole punishment, as the court decrees. However, Chinese born in either Hongkong or Macao are thereby either British or Portuguese subjects with the full legal rights thereof and theoretically immune to banishment to China. In practice, nevertheless, particularly in Hongkong, the burden of proof is on the Chinese claiming such citizenship, and, of course, the poorer class of Chinese do not ordinarily take the trouble to procure the necessary papers to justify their claim. And if, for any reason, either colony (but especially Hongkong) wished to oust a Chinese, his claim to British or Portuguese citizenship would not be allowed to stand in the way unless he was wealthy enough to fight the case. Then, if his claim were valid and he could prove it, he would get justice. There are today probably a half million Chinese residing in Hongkong and elsewhere who are British subjects by virtue of birth in Hongkong, and there are probably at least 100,000 Chinese with Portuguese citizenship by virtue of birth in Macao.

While Macao and Hongkong can, generally speaking, get rid of any Chinese they regard as undesirable, Canton has to take its residents as they come, including foreigners with extraterritoriality who cannot be deported. Chinese deported from Hongkong are invariably sent to Canton by the British authorities. Those deported from Macao are more likely to go to Shekki, but Hongkong's deportations are far more numerous. Thus Canton has not only to keep its own undesirables, but accept those from Hongkong,—a fact that should be borne in mind in relation to the rest of this article.

Before proceeding further, some definition must be given of what constitutes a desirable place of residence,—what elements enter into the status average persons seek to maintain.

First, of course, is the earning of a living. Then comes, although not necessarily in the order named, personal security, justice and equality in law, facilities for education and culture, safeguards to health, opportunities for recreation, and enjoyable environment. The last named item—enjoyable environment—includes not only the physical aspect of a place of residence, but an atmosphere conducive to the equilibrium of the ego; that is, maintenance of self respect, or what is so admirably summed up in that most expressive of Chinese idioms—"face."

In the matter of earning a living, there is not any outstanding difference between Canton, Macao and Hongkong. Real wages—that is, wages in terms of buying power—are perhaps a little higher in Hongkong than in either Canton or Macao. Less poverty is in evidence in the two colonies than in Canton, but here it must be borne in mind that when Chinese are out of work and have no other means of support, they are encouraged to return to China, and may even be deported for vagrancy. Factory conditions, due to stricter regulation, are somewhat better in Hongkong than in Cantan or Macao. But on the whole, no generalization can be made that one place is better than another in the earning of a living.

Taxes Are Lowest in Macao

In certain fields of enterprise, however, both Hongkong and Macao possess considerable advantage over Canton. Taxes in Hongkong are lower than in Canton, and lower in Macao than in Hongkong. Profits from fan tan, opium and prostitution go so far toward balancing Macao's budget that taxes on real estate, personal property, or business are exceedingly light; thus again is demonstrated the hoary adage that "it's an ill wind that blows nobody good." Except for a few items, both Macao and Hongkong are free ports, which is an aid to many kinds of business. Likewise, industries which import raw materials from the west and export their products to elsewhere than China profit because of the fact that there are neither import nor export duties in Hongkong and Macao. If, however, the finished products are to be exported to China, the Chinese duties may nullify the advantages of being located in Hongkong or Macao.

Taxes in Canton, as I pointed out recently in these columns, are fearfully high because of the vast projects of civic improvement combined with the maintenance of a huge army. Taxes are not precisely low in Hongkong, but they are almost non-existent compared to levies in Canton! Especially heavily taxed in Canton are things from abroad, there being local levies in addition to the customs. In consequence, Chinese who like to maintain a western or semi-western standard of living, can do so much more cheaply in Macao or Hongkong than in Canton,—and Chinese products, generally speaking, cost no more in either colony than they do in Canton.

As in the case of earning a living, none of the three places under review can boast any pronounced superiority to the others in educational and cultural facilities. Insofar as primary education is concerned, there are far more schools in either of the colonies or in Canton in proportion to population than elsewhere in China. Much more money is dovoted to education by the governments of Hongkong, Canton and Macao than is appropriated by any other government in this part of the world. Save for mission schools, however, education in not free in any place; it costs approximately $100 a year per child in the government schools of Hongkong, and somewhat less in the government schools of Macao

and Canton. Thus it will be seen than it is limited to a small part of the population since the mass of Chinese do not earn more than $300 or $400 a year (Hongkong currency). Probably the highest educational standard in any of the three places is maintained by the government schools of Hongkong; I am reliably informed the private schools in Hongkong are generally of not very high standards.

Each of the three places under discussion has its own peculiar limitation on education. In Canton, Dr. Sun Yat-sen's three principles are taught as gospel; in Macao, Catholic dogma dominates the public and mission schools; and in the Hongkong government schools the sons of Han, in common with their little white brothers, are told that King George V can do no wrong. You pay your money and you takes your choice in curious certitudes. In higher education, Macao has nothing to offer; Hongkong boasts of the quite excellent Hongkong University; and in Canton there is the equally excellent Lingnan University, which is American supported, and the Sun Yat-sen University which appears to leave considerable to be desired.

Libraries available in each place are very small and inadequate; some effort is being made to build up the Camoens Museum and Library in Macao, but it is given only a small annual appropriation. Neither Macao nor Hongkong can boast of any cultural achievements; there is a lively Chinese intelligentsia in Canton, but it is handicapped by official censorship and reaction. While there is a censorship to some extent on publications in Hongkong, a Chinese who can afford it is freer to study unhampered whatever he might wish in the British colony than elsewhere. Macao, of course, is under the protection of the Catholic Church.

More Security in Hongkong

In personal security it must be set down categorically that the average Chinese is safer in either Hongkong or Macao than in Canton. It may be pointed out that this is partly due to the fact that Macao historically and Hongkong still actively have assisted in causing the present disunity and chaos that is largely responsible for the lack of personal security in China. Nevertheless, a Chinese who to trying to live out his life as quietly and pleasantly as possible cannot be blamed if he prefers Macao or Hongkong to Canton in the matter of personal security. Suspected communists—who, of course, cannot be accused of seeking to live quietly—are exceptions; if caught in Hongkong, back to Canton they go for a quick demise. Macao, however, appears to pay little attention to real or suspected Reds, and the Reds appear to reciprocate. At least, I was not able to locate any Red scare there, and while I think the Portuguese would not harbor any known Chinese communist or prominence, they assume an attitude of indifference as to who lives there so long as he does not raise his hand against the *status quo*.

When it comes to justice and equality in law, it would be difficult to say whether Chinese are better off in his British Majesty's courts than in Canton courts. Certainly the rule of law, at least where the British *raj* is not involved, is far more evident in British courts than in Chinese courts. But, as I shall point out later, Hongkong judges appear to assume a very insulting and superior attitude to not only Chinese, but to all Asiatics who appear before them. Sometimes also sentences are exceedingly harsh.

As to Macao courts, I have no data to present. Practically no cases ever get into the newspapers, even the little Portuguese paper published in Macao, and translating the court records would be too much of a labor for my limited knowledge of the Portuguese language. However, it can be stated with reasonable certainty that, as will be pointed out later in other connections, the Macao courts are free from the race superiority complex that characterizes the courts of Hongkong. Probably, considering the degeneration of Macao, they leave a lot to be desired in other respects.

Macao's degeneration, nevertheless, does not prevent the government from maintaining sanitary standards and health safeguards that are almost as high as those of Hongkong,—and both colonies, despite their tropical, humid climate, are very healthful places in which to live. In this respect, Canton is pitifully outclassed; in fact, the greatest single item of superiority of the foreign colonies over Canton is in the safeguarding of health. Hongkong's water can be consumed without boiling; Macao's water has to be boiled now, but a new plant is under construction which will provide pure water. Canton has improved its water supply greatly in recent years, and in matters of sanitation, like many other matters, it is the most progressive Chinese city in China, but it suffers yearly from cholera epidemics, and many other kinds of diseases are rife. It has been many years since there have been any epidemics in either Hongkong or Macao.

Discussion of opportunities for recreation involves so many matters of personal taste that I shall refrain from any Jovian dictum on what place is superior. Macao, as I have pointed out before, offers unlimited opportunities for public gambling, opium smoking, prostitution and the drinking of alcoholic liquors,—unless one is a government employe, in which case playing fan tan is forbidden. Alcoholic liquors, incidentally, are cheaper in Macao than other place in the entire Orient, with Portuguese products being practically free, at least relatively speaking. Excellent Portuguese wine costs about thirty-five cents Shanghai money for a large bottle while superb Portuguese brandy is about $1.50 Shanghan money for a large bottle!

"Dives" More Hidden in Canton

Canton offers almost as much opportunity in public gambling and opium smoking as Macao, but it is not as convenient to get to the "dives." One, in fact, must cross the Pearl River to Honam Island to get to the fan tan houses, and there are no opium divans in the main part of the city as there are in Macao. But the drinking of alcoholic liquors, even native rice wines, is very expensive compared to Hongkong, which is very expensive compared to Macao. In prostitution, there is not much difference between Macao and Canton.

Hongkong offers no public gambling, no public opium smoking, and very little public prostitution. It does offer considerably more public dancing, however, than either Canton or Macao, neither of which has a full fledged cabaret. In what are frequently described as "wholesome" forms of recreation—such as sports, including swimming (Repulse Bay, I take opportunity to note, has despite some limitations one of the world's most glorious beaches) and boating, and cinema entertainment—Hongkong offers much more than Canton or Macao. Both Hongkong and Macao have horse racing, and Macao dog racing as well.

Hongkong imposes strict limitation on one common Chinese form of recreation—noise making. Firecrackers in particular are completely banned except on rare occasions, wherefore I thank whatever gods may be for imperialism. For I recently lived for more than a month in a hotel in downtown Canton, where exploding firecrackers are daily events,—not just a few firecrackers as now and then go off in Shanghai, but 100-foot Strands studded with giant 'crackers that are let down from the top storey of the hotel to the street by a rope and then set off. There were several other hotels adjoining or in front of the one in which I lived, and at least one guest in each every day celebrated the purchase of a new concubine, or some other red-letter event, with a firecracker serenade. It was all very picturesque the first two days, but after that.....

The British Suppress Noise

Evidently the early British had the same idea, for one of the first proclamations in the history of Hongkong, back in 1843, ordered that after eight o'clock at night no one would be allowed to "beat gongs, play drums, let off firecrackers, nor to be engaged in loud or noisy vociferation,"—which was certainly cramping the Chinese style. Today no firecrackers are allowed at any time except the festivals. This rule, incidentally, saves the Chinese a lot of money, for the long strands of firecrackers cost from $75 to $100 Shanghai currency. Setting off firecrackers is permitted under certain restrictions in Macao; there are usually a few salvos early in the morning by heavy winners in the fan tan houses.

Under the classification of "enjoyable environment," which has already been defined, we come to the most complex and perhaps the most important feature of our discussion. The one aspect of physical appearance may be disposed of briefly; Canton, while attractive and fairly clean—more attractive and more clean than Shanghai, for example—is not as beautiful as Macao, and Macao is not as beautiful as Hongkong which, as

I once stated in these columns, is one of the world's most magnificent cities. Just to look at Hongkong from across the harbor or atop its verdant hills is profoundly pleasurable; few cities in the world offer as fine aesthetic delights to their residents. Further, Macao and particularly Hongkong are not crowded. Canton's streets are much broader than those of Shanghai, yet in the downtown area they are all as crowded at almost all hours as Szechuen Road at 5:15 p.m. on weekdays. In most streets in Hongkong it is possible to walk at anytime without ever bumping into anyone; even Hongkong's most crowded sections seem almost depopulated compared with downtown Canton. Stifling crowds are perhaps the most pronounced first impression of a visitor to China, and while some observers maintain that the Chinese are so gregarious that they like crowding, I am convinced after many talks with Chinese natives of Hongkong and Chinese born abroad that they appreciate lack of crowding as much as westerners; certainly several have mentioned unsolicited that superiority of Hongkong over Canton.

But whether a Chinese would find the Hongkong environment otherwise as enjoyable is a moot question. Self respect—"face"—can hardly pleasantly brook the British superiority complex that in some respects is so pronounced in Hongkong. As a Chinese native of Hongkong remarked to me, "the British diehards say that the only thing wrong with China is the Chinese, and we Chinese reciprocate by thinking that the only thing wrong with Hongkong is the British."

No Asiatics on the Peak

The British attitude, or at least the attitude of the Englishmen who dominate Hongkong, is most succinctly summarized in two facts: above a certain line around The Peak, no Asiatics (excepting servants) may reside, any third class in the ferries from Kowloon to the island is for "Asiatics Only." In brief, the lords of the colony who reside atop The Peak say to their lieges: "above this line Asia shall not ascend and below that line Europe shall not descend." I, who have traveled over almost the entire world third class, feel particularly keenly about this ferry edict, for first class fare is ten cents (Hongkong money) while third class is four cents.

It is, however, an indication of the breaking down of caste barriers that the English in recent years have felt called upon to rationalize The Peak exclusion by saying that it was dictated only by the fact that Orientals were used to the tropical climate whereas the top of The Peak was necessary for western health. Which is, of course, a lot of bunk (at least in the present day) for only an exceedingly small minority of Europeans can afford to live on top The Peak and, similarly, only a few Chinese could afford to reside there if it was open to them. The bulk of the European populations in Hongkong live on the same level, at least in altitude, with the Chinese.

I cite The Peak exclusion only as illustrating one outstanding aspect of British imperialism; personally I cannot grow indignant because a few Chinese plutocrats are not allowed to be neighbors to His Excellency, The Governor of Hongkong, who lives at No. 1, The Peak. But when the same attitude is carried into the courts, it becomes a matter of much greater social significance. And the Hongkong newspapers are constantly filled with insulting remarks of British judges to Asiatics who appear before them. "I have no doubt that both parties are a lot of scallywags," said Mr. Justice Lindsell recently without any apparent provocation in hearing a civil suit between two Indians. "You say you are a student, but you are a fool," said Mr. Butters of the Kowloon Magistracy a short time ago to a Chinese complainant in an armed robbery case because he gave what was described in the press as "a long and involved description of the robbery." No European is ever treated thus in the Hongkong courts,—and the two instances cited could be multiplied several times just during this past summer. And as a sample of British justice, Mr. Wynne-Jones recently fined a chair-coolie $5.00 or seven days in jail on a charge of "exposing his person by bathing" in a little stream where hardly anyone could possibly have seen him. "You must not strip yourself naked in this colony," ruled the Victorian jurist, fining the poor worker all the wages he could possibly earn in a week or ten days. To the credit of Hongkong, this case aroused considerable public protest from various Britons who could not be exactly called liberals.

Life Is Safer in Hongkong

But despite these manifestations of the British race superiority complex, the average Chinese can live out his life in Hongkong without directly suffering from the color line of The Peak. All public places of recreation, including the Repulse Bay beach, are open to all races; although Europeans cannot ride third class in the ferries, Chinese may ride first class. Most of the clubs, excepting the Hongkong Club, admit Chinese. Many government schools are mixed schools, although some are maintained for Europeans only. Chinese girls go out freely and frequently with white men, and it is not unusual to see a white girl with a Chinese man. Chinese occupy many high positions in business and the government. And there is no public police brutality to the Chinese as is so common these days in Shanghai.

In sharp contrast to Hongkong, there is no color line in Macao save in one particular: no European prostitution is allowed. This field is reserved exclusively for Chinese. But there is no club, no school, no residential area, and no place of any description in the whole colony where Chinese are not admitted on a basis of equality with Europeans. Nor is there any place, like the Hongkong ferries, where Europeans cannot go. The highest positions in the government, however, are reserved for Portuguese, usually by appointment in Lisbon. Employment for a number of deserving Portuguese politicians is, incidentally, the only benefit Portugal derives from Macao, for the colony pays no tribute to the homeland; all revenues are spent in Macao except such part of their income as the higher officials send home. There is not even any appreciable Portuguese trade with China through Macao; of course, Lusitania has the dubious prestige of maintaining the greatest center of gambling and opium-smoking in the Orient!

To some persons, doubtless, environment could only be enjoyable through participation in the government. In this respect, neither Hongkong nor Macao have anything to offer the Chinese. In each colony the Chinese are allowed two members on the legislative council (two out of 18 in Hongkong and two out of 12 in Macao), but this "voice" in governmental affairs is purely nominal and face-saving. In the case of Macao, however, it is not incorrect to say, as a foreign official once put it in a talk with the writer, that "a certain class of Chinese are simply paying the Portuguese to maintain a place no Chinese government could offer,—a place of gambling and other entertainment, cheap living, and sanctuary in time of trouble which is handy to reach and to leave."

Macao Has Little Race Prejudice

In any event, Macao is unique among foreign settlements in China in being completely free, except in the one minor particular noted, from any race prejudice. It might be remarked, of course, that it would be difficult to draw a color line in Macao since the bulk of the so-called European population is really Eurasian and growing more so every generation, but anyone who knows China very well is aware that Eurasians can be as snobbish as the Englismmen they often ape. Macao's freedom from color prejudice is due primarily to its founding by a Latin people, and the fact that it is so Eurasian is the result, not the cause, of the absence of a color line. And, incidentally, this characteristic of the colony explains in large part why it has never been the object of Chinese nationalist wrath, and probably never will be.

Insofar as participation in the government is concerned, Canton assuredly offers more to Chinese than Hongkong or Macao, but unless one is a higher-up, governmental activity in China in these times is of dubious value. And while the average literate Chinese has a greater voice in the Canton government than is customary elsewhere in China, the military gets most of the plums. And many Chinese frequently go from Canton to Macao or Hongkong to avoid government activity!

In conclusion, I will refrain from any dogmatic answer to the question raised in the beginning of this article: Of Canton, Macao and Hongkong, which is better as a place of residence for the average Chinese? I will, however, tentatively assert, that if I were a Chinese I believe I would prefer either Macao or Hongkong unless I was fired by sufficient patriotic zeal to be willing to do and die in desperate effort to help build a new and better China.

Hongkong, July 21, 1933.

Need of Cooperation Between Capital and Labor in the Silk Industry

BY PAUL K. WHANG (汪仲芳)

IT is a rule that the opening of a new cocoon season is always followed by a period of labor unrest which will last throughout the summer months. Every year the silk workers have found a new cause of grievance against the filature operators in respect of the working hours, scale of wages and other working conditions, and a general strike has been usually resorted to in enforcing their demands. This annual recurrence of labor unrest bespeaks the lack of cooperation between capital and labor in the silk industry, and has constituted a cause which has very much hampered the growth of China's silk trade.

Since 1930, because of the general business depression, silk filatures in Shanghai and elsewhere had been suspended in a wholesale fashion. Those filatures which had been still in operation had their wages reduced from 58 cents to 45 cents a day, and the working hours lengthened one hour or more. The scarcity of employment had compelled the silk workers to accept the wage cut and longer working hours. Last year the silk workers went on strike on two occasions in June and September respectively, demanding the return of the wage payment to its former scale and the shortening of working hours. As a result of these labor agitations, the filature operators agreed to shorten the working hours to eleven hours a day, but objected to any increase in the wage payment pending the revival of silk trade.

Since the opening of the new cocoon season this year, the silk market has been steadily improving and the local price has been registered with an increase of about $200 per picul. These encouraging signs together with the exaggerated reports as to the future of the silk trade have made the silk workers believe that the silk trade has at long last recovered from its slump and that therefore they are entitled to claim the old wage payment and allowances. Thus on July 5th, a general strike was declared among the silk workers in Chapei and Hongkew districts, and was called off only after the filature operators had promised to increase their wages from 45 cents to 50 cents a day and to pay the allowances.

The frequent recurrence of labor strife in Shanghai silk filatures has brought us home to the fact that something must be done to promote cooperation between capital and labor in the silk industry. In the past, time schedule and wage scale have been the causes of numerous strikes, and will continue to be such in future if each maintains its hostile attitude toward the other.

Working Hours Should Be Shortened

That the working hours should be shortened can not be gainsaid. While the male workers are working eight hours a day in some foreign countries, our women and children in silk filatures are still drudging from sunrise to sunset with one hour for lunch in between. The factory law has been promulgated by the government, but has so far remained a dead letter. In spite of the frequent cries of ameliorating labor conditions, the status of female child labor has not been altered. Therefore it is only natural that they have been continuously clamoring for decrease in the working hours.

It is not merely humanitarian but also economical that the working hours should be shortened. The decrease in the working hours, it must be noted, will not necessarily mean an increase in the cost of production, but on the other hand, will do much to enhance the efficiency of the manual workers, thereby increasing the quantity and improving the quality of products. The truth of this contention has already been attested to beyond question in the highly industrialized countries.

Raw silk is a qualititive product, and its production requires the skill and attention of the reelers. We are now striving to improve the quality of our silk, but how can we be successful in our efforts, when our producing hands are literally in a state of exhaustion after working day after day without sufficient recreation. The strain resulting from long hours and continuous work upon the women is too heavy, and as a result they have lost their health and strength altogether. With the loss of their vitality goes their efficiency. This state of affairs will partly explain the fact that our filature men have not crowned their efforts with success in improving the quality of their products.

It will be highly instructive if some of our far-sighted filature operators can conduct some experiments by decreasing the working hours to, say, ten hours a day so as to demonstrate to the more conservative ones that efficiency can not be secured unless sufficient recreation is given to the silk workers. Such experiments are worthwhile, because they will bring benefits to all the parties concerned.

No matter whether the motive is humanitarian or economic, our filature operators must realize that the sooner they decrease the working hours, the better will be their position. The present schedule can not be long maintained in face of the eight-hour-a-day tendency, and it must be modified sooner or later. If this modification is spontaneously initiated by the filature operators, it will contribute much to winning the goodwill of silk workers, thereby paving the way to securing the latter's cooperation.

In regard to the wage scale, we can not arbitrarily increase it, because we must keep in mind whether any increase can be borne by the industry concerned. In this case, we must say that the silk workers in asking for an increase in their wages must first ascertain the exact condition of the industry. To exact excessive demands which the industry can not bear is tantamount to the act of killing the proverbial goose.

The silk workers may believe that they are underpaid, but they must also know that the filatures in which they are working have been sustaining heavy losses in these many years. It is true that the local price of silk has been registered with an increase of $200 per picul, but the silk of good quality is still sold around $1000 per picul, which amounts to only 60 per cent of the price paid three years ago. Therefore the silk market is far from being recovered from its slump. Pending the rivival of silk trade, our silk workers should be content with their meagre earnings even though they are barely sufficient to cover their living expenses. In comparison with thousands of others who have been left unemployed, they really have much to be thankful for, and therefore they should apply themselves diligently to their work and cooperate in every way with the filature operators to tide over the present crisis.

Cooperation Between Capital and Labor

In face of the business depression, wage-reduction has been generally practised in foreign countries so as to prevent the wholesale suspension of industrial and commercial houses and the throwing of the wage earners out of employment. Thus the far-sighted workers will be only too glad to accept reductions in wages instead of receiving nothing, as would happen in the case of their being without employment. Silk workers, therefore, before agitating for returning to the former wage scale, should ascertain themselves whether the present business conditions warrant a general increase without working an injurious effect upon the silk industry as a whole.

Therefore before the business is sufficiently revived and the filatures are once again running with profit, the silk workers should keep down their agitations, because any labor agitations at the present juncture will not bring them any benefits but evils. Moreover, unreasonable demands on the part of the workers can not win the sympathy of the public whose support is essential to win the labor cause.

At this time when China's silk industry is at its critical stage, capital and labor should pull themselves together to pass this unprecedented crisis. They should understand each other's position and sympathize with each other's difficulties. The filature operators should spontaneously cut short the working hours so as to alleviate the sufferings of the silk workers as well as to increase their efficiency in production. The silk workers should forego any demand of increase in their wages so as to lessen the burden of filature operators and to preserve the means of their livelihood.

In order to rebuild China's declining silk industry, cooperation between capital and labor is more necessary than anything else. Government financial assistance alone will not be enough to improve the quality of raw silk, neither will factory discipline and supervision be rigid enough to produce the desirable result.

Shanghai, July 24, 1933.

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China Goes to Geneva for Technical Assistance in Reconstruction Program

BY C. Y. W. MENG (孟長泳)

IN a country which is now undergoing many tremendous and convulsive changes and revolutions, political, social, economic, industrial, etc., which take place at one time; and which is now engaged in a life-and-death struggle with a view to removing the imperialistic yokes, out-of-date treaties, extrality, etc., which could no longer be found in any place under the sun except in China, and at the same time, to combat with the communist uprisings within—the present period is really the most "critical period" in China's long history; and which is now suffering from many natural calamities, such as flood, famine, etc., which have devastated 16 out of 18 provinces; and which is now fighting with its nearest but unfriendly neighor who, without any reason and justification, has invaded and occupied four of her largest provinces in the North, thus disturbing the peace in the Far East and the world, such country certainly should have the sympathies of all the people in the world. Therefore in her efforts to reconstruct herself, China deserves the sympathetic co-operation of all the people in the world, financial, technical, and what not. In giving assistance to build up this youngest Republic of the Orient, the world is merely making a valuable contribution to itself, for, as we explained before, a well developed and strong China will be a blessing to the world and is sure to solve many of the world's economic problems.

Solely being animated by the desire to cooperate with the other people of the world to solve many of the world's pressing problems, China has never failed to participate in any of the international conferences. When the late President Wilson proposed to form the League of Nations, China was only too glad to join as one of its ardent supporters and promotors. Even during the trying period when Manchuria was invaded and occupied by the Japanese, what China did was to appeal to the League of Nations for justice, rather than to appeal to the signatories of the Nine-Power Treaty—an action which was much criticised by some observers, pointing out that China would have got some real help from some big powers had she appealed first to the signatories of the Nine-Power Treaty at the outbreak of the Sino-Japanese crisis rather than to the League. But, we believe, China took the right action when she appealed to the League. The only criticism we want to make is that, beside appealing to the League for justice, China should have taken and prepared herself to taken action, on her own account, for her own action would necessarily strengthen the League's efforts and decisions, and save the League much embarrassment. It is therefore to be much regretted that China has placed the whole Manchurian issue to the League and has taken no action herself; hence when the League proves to be incapable to handle the situation, the Sino-Japanese crisis continues.

According to the current reports, the League of Nations has created a Committee to co-ordinate technical co-operation with China. Dr. L. Rajchman was appointed as the League "liaison" agent in China, etc. As a matter of fact, co-operation between China and the League has been in existence for many years.

Earlier Co-operation

At the beginning of 1931, at the request of the National Government, Sir Arthur Salter, the Director of the Financial and Economic Organization of the League, Robert Haas, the Director of the Transit and Communication Organization of the League, and Dr. L. Rajchman, Director of the Health Organization of the League, conferred in regard to the possibilities of continuous collaboration with the technical organizations of the League.

The conversations with Sir Authur Salter covered a wide range of subjects and much valuable information and advice were received from him by the Ministry of Finance. He was assisted by Mr. Frere, formerly member of the staff of the Reparations Commission and Deputy to the Agent General of Reparations in Germany, and at present Financial Adviser to the Belgium Government, and by M. Felkin, member of the Economic Section of the League Secretariat.

Robert Haas, who was assisted by Mr. Lukas from his Section, discussed with the National Government the manner in which the Transit and Communication Organization of the League could be utilized in the framing of a three-year plan of public works in China and in advising as to the best methods of carrying it out.

With reference to the domain of public health, a scheme of continuous collaboration had alreay been elaborated during the first visit of Dr. Rajchman at the request of the National Government in December 1929, and the plan presented by Dr. J. Heng Liu and approved by the Executive Yuan confines the national activities during the next three years to (a) the establishment of a Central Field Health Station and Central Hospital as a nucleus of the National Medical and Health Service, this Station operating within selected regions as regards all major problems of sanitation, preventive medicine relief; (b) the creation of an Experimental Medical School and the strengthening of the few existing national medical colleges of the highest type for the training of suitable officers for the later work; (c) the gradual establishment of a National Quarantine Service; (d) the coordination of the modern centers of public health activity in the country. This work, important as it is, is obviously only the indispensable nucleus of a work, which, in later years, will require wide extension and development.

It may be added that the Health Organization of the League has placed at the disposal of the Wei Shen Shu, the Bureau of Public Health since July 1930, the services of Dr. B. Borcic, Director of the School of Hygiene in Zagreb, whose collaboration has proved of real value. Furthermore, Professor Faber of the Copenhagen Medical Faculty was sent in September 1930 for a three months' survey of the medical schools and for framing recommendations in regard to the reform of medical training. His important Report forms the basis of the future reorganization of our Schools of Medicine.

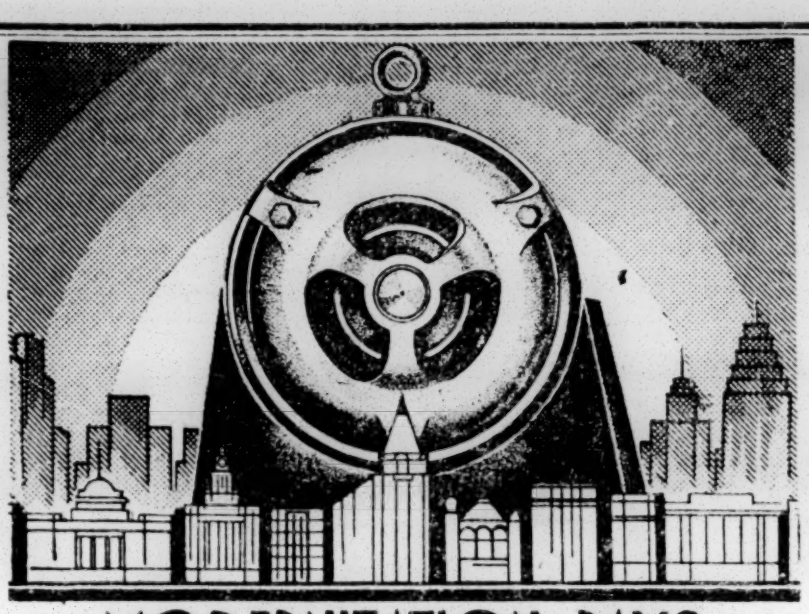
Likewise, Dr. C. Park, Director of the Singapore Anti-Epidemic Bureau of the League's Health Organization, presented a report in regard to the establishment of the National Quarantine Service on the basis of local study of several ports. The service has been successfully functioning since July 1930 and its regulations and plan of working were formulated by the National Government after consultation arranged by the League with a Special International Committee representing the Public Health services of the chief maritime countries and delegates of the International Chamber of Shipping.

This early collaboration with the League has led the National Government to present after the establishment of the National Economic Council a formal proposal to the League for securing the technical collaboration for the National Council on a continuous and systematic basis.

The Formal Proposal of Cooperation

With this object in view the National Government sent the following telegram on April 25, 1931, to the Council of the League of Nations:—

> "Referring our telegram January 7 and resulting conversation with your three Directors in China am instructed by Chairman Chiang Kai-shek to state Chinese Government having set up National Economic Council for planning reconstruction requests collaboration League. For this purpose asks that League technical organization assist as advisers above Council for framing carrying and out reconstruction plans as follows:
>
> "1—First, in the stage of planning and organization the League might be able to send someone as it has already done in the special domain of health work for such limited period as might be practicable and convenient to the Government in order to help with his advice as to the plan itself and as to any subsequent methods by which the League could assist it.
>
> "2—Secondly in the execution of particular projects the League might at the request of the Government send or propose officers, representatives or experts who apart from their own competence could be in contact with the relevant technical organization in Geneva.
>
> "3—Thirdly, in appropriate special cases a League Committee, whether a standing committee or one appointed ad hoc might at the request of the Govern-



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ment help to frame or improve some particular scheme.

"4—Fourthly, the League might in several ways help in the training of China's own officers who will be required for the more extended work of later years. In the domain of health the League has already been able to arrange for technical education in practical work in other countries, sometimes with the aid of Fellowships.

"5—And, in addition the League might help the Government to find advisers to assist the development of the Chinese educational system and facilitate the intercourse between the centers of intellectual activity in China and abroad.

"6—Lastly, China might sometimes desire to initiate League action in some sphere in which international cooperation or the co-ordination of policy of a number of countries might be required in order to remove some obstacle to China's development.

"In general the technical organization of the League would in this way be continuously available for advice to the Government and National Economic Council in connection with its plan reconstruction." This telegram was signed by T. V. Soong, as the Vice Chairman of the Executive Yuan.

The League's Acceptance

The Council of the League, at the session held in May 1931, accepted the proposal of the National Government. The permanent technical collaboration thus becoming officially approved, the National Government invited the arrival to China of the League's officer as contemplated under the first paragraph of the National Government's proposal to the League. Dr. Rajchman, Director of the Health Organization of the League, came in this new capacity to China in the middle of September. He was succeeded from the first of January by Robert Haas, the Director of the Transit and Communications Organization of the League who remained in China for a period of several months.

The Government had also arranged under Paragraphs 2, 3 and 5 of our formal proposal the despatch by the League of the following experts:

(a) A group of distinguished educationalists for the purpose of surveying the present educational system in the country and framing of recommendations, particularly in relation to the needs of the country as would be revealed by the plans of reconstruction of the National Economic Council.

This group, which arrived at the beginning of October 1, was composed of Professor Carl Becker, the University of Berlin, formerly Minister of Public Instruction in Prussia; Professor Langevin, a leading physicist of the world, professor of physics in the University of Paris; Professor Tawney, one of the leading British economists, professor of the London School of Economics and Science, whose remarkable memorandum on agricultured and industry in China is specially recommende to the members of the Council; Professor M. Falski, Director of the Ministry of the Public Instruction in Poland, prominent educationalist with special experience in the planning and organization of elementary schools.

The group of educationalists visited many places in China in the course of their study of the present state of education in the country, and submitted a lengthy report of their findings and suggested many recommendations for the improvement of China's educational system and school administrations.

These four professors were accompanied by F. P. Walters, the Director of the Office of the Secretary-General of the League of Nations.

In order to establish methods for facilitating the intercourse between the intellectual centers of China and abroad, H. Bonnet, the Director of the League's International Institute of Intellectual Cooperation, joined the group together with M. Sardi, representing the League's International Institute of Educational Cinematography.

Further, following the request of the Ministry of Education the League sent at her expense three professors for the Central University at Nanking for a period of two years. They are Dr. Parejas, professor of geology at the University of Geneva; Mr. Davy, reader in English literature at the University of Nottingham; Dr. Wissman, professor of geography in the Universities of Berlin and Vienna.

(b) In the domain of public works, the Transit and Communication Organization of the League, appointed a special committee of public works under the chairmanship of M. Dorpmuller, the Director General of the German Railway Company, and composed of M. Rene Mayor of the General Council of Public Works in France, Sir John Brooke, Electricity Commissioner, England, Mr. Hornell, member of the Swedish Academy of Technical Science, Mr. Buttini, Chief Engineer in the Italian Civil Engineering Corps, M. Van der Houven van Dordi, Member of the Netherlands Shipowners' Assiciation, M. Ito, Associate Director of the Japanese League of Nation's Bureau, M. Okencki, Ministerial Adviser in the Polish Ministry of Public Works. This Committee would act in a general advisory capacity in connection with any scheme of public works on which the National Economic Council might desire to have technical opinion. It selected a group of three experts who arrived at beginning of January 1932 for a local study of problems of river conservancy, land reclamation, flood prevention and road building. These are M. Perrier, Inspector of Bridges in France, formerly Chief Engineer of the Suez Canal Company, Mr. Coode, one of the principals of one of the best known British firms of consulting engineers, Coode, Wilson, Mitchell & Vaughan-Lee. He is a member of the British Institute of Civil Engineers, and has had considerable experience in river and harbor work; M. Sieveking, Director of the Hamburg Port Administration.

Engineers Study Conservancy Problems

These engineers made a study of river-conservancy, harbor works, etc, in the country, and they submitted a long report on the improvement of the Huai River, Rivers in North China, and the Shanghai Harbor, which is receiving the keen attention of the Chinese authorities.

On the other hand, the Transit Organization was represented permanently by M. Okenchi, Techical Advisor to the Ministry of Public Works in Poland. M. Okencki has worked in Russia on hydraulic questions until 1930, since when he was responsible for the road schemes of the Ministry of Public Works at Warsaw. He has also studied the question of roads in England and in the United States and was Vice-President of the International Road Congress at Washington last year. He was assisted by M. Bourdrez, a Dutch engineer, who has been engaged on hydraulic work in Java and Sumatra, as well as in factory construction and for several years subsequently worked in Europe.

(c) In regard to the field of economic development, the despatch of experts to assist in studies of land reform and in schemes for agricultural improvement was requested. The Economic Committee of the League selected for this purpose Mr. Dragoni, Chief of the Department of the International Institute of Agriculture, and Professor of Agricultural Science in the University of Rome, who, together with Dr. G. Perris, made a study of these subjects in China, submitted a lengthy report of their findings and suggested many recommendations on these subjects.

As regards industrial development, the National Government was informed that a German industrial expert who had studied the Soviet Five-Year Plan would be invited by the League to come to China for collaboration with the National Government.

The National Government has also received expert assistance from the League in connection with the medical work of the National Flood Relief Commission. Two members of the Health Section of the League's Secretariat, Professor Ciuca and Dr. T. F. Huang have placed at the disposal of the Wei Shen-shu their expert advice on anti-epidemic work under the Central Field Health Station.

Sir John Hope Simpson, formerly the League's Commissioner for the settlement of refugees in Greece and preiously of the Indian Civil Service, was nominated at the request of the Government as Director General of the National Flood Relief Commission. It is hoped, however, that this great experience, particularly in regards to rural settlement and agircultural policy could also be utilized for the National Economic Council.

China's Three-Year-Plan

The National Economic Council which has taken vigorous steps in the reconstruction of China, drew up a Three-Year Plan for China, and part of the plan has already been put into execution with the assistance of the League's experts, particularly in the field of road construction.

The efforts of the road authorities and engineers of the provinces of Kiangsu, Chekiang, and Anhwei are to be appreciated upon the completion of the Nanking-Wuhu and Suancheng-Changhing Highways. It took almost a year to build these two lines (totalling 216 kilometers) as they encountered serious difficulties in the course of construction. The transportation of bridge and road materials has always been the chief problem to be tackled by the engineers. On several occasions, the supply of provincial funds was so intermittent as to cause frequent suspensions of construction. Nevertheless, the engineers kept on working with enthusiam. Now, with the exception of two unusually large bridges being temporarily substituted by ferries, these two highways are opened to traffic.

The collaboration of the road experts of the League of Nations deserves warm commendation. During the course of construction, both M. S. Okecki and F. J. M. Bourdrez had taken several tedious and weary trips over these routes, and had contented themselves with whatever means of communication, lodging and boarding that were available en route. During their inspection trip, they gave a lot of valuable advice and encouragement to the engineers.

The completion of these two highways coupled with the existing Nanking-Hangchow and Wuhu-Suancheng Highways make possible a highway loop of 462 kilometers. The southeastern corner of Anhwei is noted for its richness in mineral and agricultural products, rice and tea being the chief exports of that province. With this loop linked to Hangchow and Nanking, tourists now can go to Anhwei with ease and comfort.

The Soochow-Kashing Highway, which was completed a short time ago, is one of the inter-provincial roads of the three provinces of Kiangsu, Chekiang and Anhwei. Furthermore it is also a section of the Changshu-Chapu Line of the Seven-Province Highway System. Both of the Three-Province and Seven-Province Highway Projects are planned by the National Economic Council. The road is 66.8 kilmeters in length, and runs from Soochow to Kashing by way of Wukiang, Pachih, Pingwang, Shentseh and Wangkiangkin. It adjoins railways at both terminals and is, therefore, a line essential to the communication of Kiangsu and Chekiang Provinces. In June, 1933, the road was all completed, a year after its construction.

Civil Administration Reform

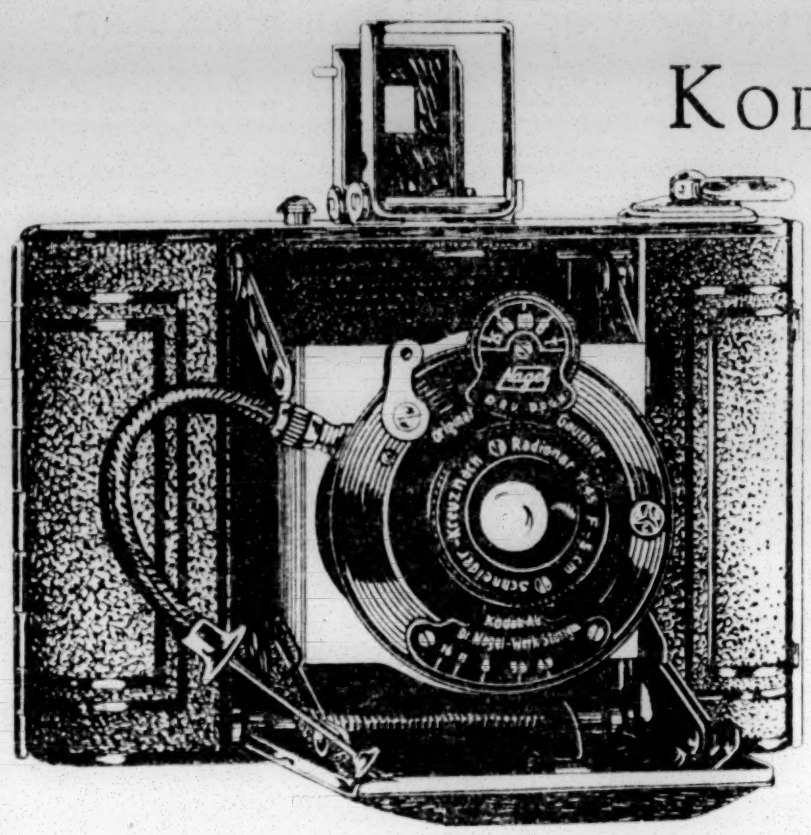
China is equally anxious to make improvement in the civil administration.

R. C. G. Somervell and W. Jaenicke, who were sent to China to study the civil administration in the country, are now associated with the Administrative Laws Codification Committee, which is to bring about uniformity of the Chinese administrative laws and to increase efficiency in the civil administration.

Conclusion

The appointment of foreign advisers or experts to China may indicate the determination of the Chinese authorities for the reconstruction of the country with foreign assistance, but it may indicate merely the desire on the part of the Chinese officials for "show," that is, to gain fame by engaging foreign experts so as to show to the public that they are going to carry out reconstructive projects. The appointment of the foreign advisers or experts may prove very useful to the Chinese in their efforts to reconstruct a backward country, but it may prove to be "untimely" and only a "drain" of national revenue in the form of "salaries, travelling expenses, etc.," which are paid to the foreign advisers or experts, and which are many times higher than what is paid to the Chinese officials.

Which will turn out to be true is of course entirely in the hands of the Chinese. Therefore, what is essential is



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that the Chinese should have the "determination" to carry out the reconstructive projects which have been decided upon, irrespective of adverse circumstances. The Chinese should be equally fully aware that the reconstruction works do not end by the appointment of the foreign advisers and experts. These advisers and experts, coming, as they do from different countries in the world whose conditions are materially different from ours, could not be expected to do much by their brief visit and sojourn in China, except to give us some technical assistance in some instances; the bulk of the work still rests with the Chinese themselves. The appointment of League experts to China should give us great encouragement and should be a spur to the Chinese to take more vigorous steps in our endeavor for the reconstruction of the country.

At the same time, we hope very sincerely that the development of technical cooperation between China and the League and the appointment of experts to China will involve no political meaning. It is reported that the new development is more or less a political maneuver. In according technical cooperation to China to develop herself, it is said the League is animated by the desire to keep China's door open to oppose the Japanese aggression in China, etc. But it is our opinion that if the League is ever intent to take steps to coerce the aggressor to "get out" of China, and to bow down before world opinion and abide itself to the League's decisions, the League could and should take a far more effective and "dignified" step than this—that is, the application of "Economic Sanctions," as provided in Article 16 in the League's Covenant. To take cooperative action with China with a view to restraining Japanese military action in China is to invite a criticism from the Japanese that the League is taking an "undignified" or "underhand" action against Japan!

It seems to us that to give assistance to China in her reconstruction is one thing. To render justice in the Sino-Japanese dispute is another. But to give assistance to China under the present circumstances without "first" taking steps to stop the Japanese aggression in China is considered by us as "untimely", and the League's efforts are likely to be in vain. That is to say, what the League does is only to appease the Chinese "slightly" but to disappoint the Chinese "greatly". Inasmuch as the execution of any reconstructive projects is conditioned upon the stability of the political situation, the League would render far more valuable service to China, if the League could first take steps to stop the Japanese aggresion in China, for so long as the situation in China is not settled and the Chinese have to go to war with the aggressor, the Chinese have neither time nor energy nor enough funds for reconstruction purposes. No matter how many experts the League may send to China their mission is only to visit the Ming Tombs in Nanking, the old palace in Pekping, etc. All the reconstructive projects which may be drawn by the experts are only "paper construction." The regular meeting of the League is again scheduled to be held in September. May the Chinese delegates again bring up the Sino-Japanese dispute and press for justice; and may the League take up this problem, disrecognizing the Japanese withdrawal from the League owing to its failure to comply with the Covenant's requirements, and actually order the Economic Sanctions to be put into execution against the aggressor before the League is to give any assistance to China in her reconstruction?

List of Experts

The following is a complete list of names of experts sent to China under the nationalist regime by the League of Nations:

Names of Experts 姓名	Nationalities 國籍	Work Assigned to Experts 工作
Prof. Carl Becker 裴克教授	德 German	Education 教育
„ M. Langevin 郎之文教授	法 French	„
„ Tawney 唐納教授	英 English	„
„ M. Falski 華爾斯基教授	波蘭 Polish	„
Mr. F. P. Walters 華爾德先生		„
„ Henri Bonnet 亨利玻納先生		„

(*Continued on page 369*)

Upton Close Discusses Far Eastern Problems

BY UPTON CLOSE*

(Extracts from an article in the China Press)

The curtain-raiser on the great world drama being played to the west of the United States—the direction in which the "course of Empire takes its way"—was Japan's military impetuosity in Manchuria and Shanghai and the American Government's and League of Nations' censure. But the phase of quibble over broken treaties and outraged policies is well passed. There will be no interference now by the United States or European Powers except on the impelling motive of national interest. With Japan holding the great coal mines (opened up under the young engineer Herbert Hoover) which supply British and American industries with power throughout China, with Japan crowding British piece goods from India, and the Dutch East Indies, and hot resentment throughout Japan over British efforts at self protection, the clash of national interests has already begun. As for America's part, the declaration that the goal of the American navy is to protect national policies, possessions and trade, has set Japan agog. Extreme bitterness is being headlined and placarded throughout the empire.

Japan, refusing to be bluffed from her goal, sees an economic "set up" which out-plays that of any predecessor. Within a few days' sail by her first-class navy lie the forests, minerals and coal beds and grain valleys of Manchuria, the markets of China and Siam, the manpower of China and Korea, the tropical plantation areas of Formosa, the Philippines, Borneo and the Dutch East Indies. By depreciation of her currency she has learned how to exploit the markets, obliterate competition. By her military power she ends the desperate resistance of the boycott, by preaching that the Yellow Race should first stand together to end white dominance in this area and later take up international grudges, she is creating an economic bloc potentially more complete than ever dreamed of in the western hemisphere. China, convinced that the League and Treaty Powers will not fight her battle for her, falls back upon her immemorial method of surviving the peril—that of compromise and temporary surrender. It was the Chinese sage Laotze, founder of Taoism, who taught that water is nobler than rock because it shapes itself to whatever circumstances envelop it, eventually wears away the rock, and in time always rises again to its own level.

But the United States and possibly other western nations, lacking this oriental philosophy, may not be able to compromise and wait so long a time. America has already been shut out of Europe by economic war. Can we endure or content ourselves to be also shut out of Asia? If so it can only be through a rigid distribution of our internal resources, implying the completest State Socialism.

I read in strange Chinese ideographs and Japanese script Secretary Swanson's announcement that America will build two more naval bases on the Pacific. I hear the statement of the Tientsin merchants guild that "maybe it would better to co-operate with Japan, submitting to her leadership if she will help end the white man's special position. I find the Japanese searching for a new, cheap supply of raw cotton to maintain their control of newly-captured piece goods markets. I find Japanese munitions manufactories in feverish activity and army and navy budgets increased over any peacetime figures ever known, every sen that the nation dares spend abroad being spent on motors and gasoline and heavy artillery.

*
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(Replying to a contributed article in the Manila Bulletin, July 11)

There are two courses open to America in the west Pacific; to get out or to fortify. I have as yet no intimation as to which will be the official one. I am as yet no advocate of either. I am an advocate of clear thinking ahead, of recognizing what has happened and where we are, and of following a thought-through policy instead of blundering from point to point and letting accident take us into a cataclysm. In this connection my Filipino interviewers failed, I think, to get the spirit of my talk with them, and set me down as prognosticating or even advocating one specific course. I have no indication of which alternative America will follow save the possible one given in the statement of Secretary of Navy Swanson, that the new naval policy of the United States will be to maintain sufficient strength to protect "American trade, possessions and policies." This is a new note. Certainly if America had maintained her policy by naval power in the past, history in the Pacific during the past two years would have been different. It is a matter of official protest on the part of the Department of State that basic American policy in the Pacific has been contravened. There are movements at present on foot that will end American trade in Pacific Asia if unhindered in their development. Japanese are openly preaching, scattering from airplanes the slogan: "Asia for the Asiatics; put the white man out" throughout China. Ought they to take offense when one points out, calmly, the alternatives which this forces upon America?

"Propaganda" is a long word for one humble individual's opinions, more or less accurately quoted. As to the suggestion that I am "propaganding for the Chinese," your contributor makes himself foolish to any one who has read my independent criticism of the regimes in Nanking, Canton and Kalgan. What I am saying does not further the present policy of Chinese authority. I understand that Manchukuo wants to bar me out because I have cast doubts upon the success and happiness of that "paradise" of the Japanese mailed fist; certain disciples of the Nanking regime would bar me out because I have "given away" its inevitable compromise with Tokyo; and here at Hong Kong Canton partizans refuse to speak with me because I have said that they would do the same thing as General Chiang Kai-shek whom they are attacking if they were in the same position. Is it unpermissible, in these hypocritical days, for one to be just plain American, on soil where flies the stars and stripes?

I am amused at your contributor's resenting my suggestion that America may be preparing for possible eventualities all of us hope may be avoided. Is it so unfriendly to them and bad for sound relations between us to disillusion them of the fallacy so popular in Japan—that Americans are an effete race with no fighting proclivities, a nation with no preparedness organization at all? The Kaiser wishes he had been disillusioned on this point in time. The Japanese make a virtue and a boast of their preparedness. They require us to abandon time and treaty honored policies. They are building a production-distribution system which must crowd us off the sea. Who is forcing America's hand?

*
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(Extracts from an article in the Philippines Herald in appreciation of the new Governor General of the Philippines, Frank Murphy)

Frank Murphy left the city administration of Detroit "broke." But he fed the people in that hardest-hit depression city and forestalled bloody revolution. He could have continued to win huge majorities although both property owners and organized communists hated and excoriated him. As a punctillious Roman Catholic he had the support of his co-religionists—yet he is known to have baldly advised certain church dignitaries not to meddle in politics.

And as for the bankers who hated him? They are on trial now—the chief figure in the most disastrous banking crash in the history of the United States of America—the crash that started the moratorium. For Detroit was the first city where the national government had to put the bankers out of their own offices. Some of them it took to the lock-up although most will escape. Frank Murphy is vindicated in his dispute with the bankers who tried to stigmatize him as "radical," although the jailbird bankers are now blubbering that if he had only let the idle workers of the automobile factories starve and instead had repaid the city's bank loans, they would have been able to survive the results of their wild speculation, blind greed and pathetic judgment.

President Franklin D. Roosevelt likes young men of "radical" thought when "radical" means humanitarian and experimentative. He is himself the greatest radical of American history. Frank Murphy has always been poor, humble, democratic, a member of one of those Irish families which have such intense family loyalty that its children stick together far into adult life—often never marry. His sister, Margaret, mistress of the Palace under his administration, in spite of having with her the brother of whom she is so proud and the husband with whom the honeymoon is scarcely over, confides her home-

*This is the pen name of Joseph W Hall, lecturer on Oriental life and literature in the University of Washington, at present conducting a tourist party through the Far East. He was a newspaper correspondent in China from 1917 to 1922, and is an authority on Far Eastern matters.

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sickness for the other two brothers and the rest of the family from whom she was never before separated.

Pomp means nothing to the new Governor General. He would prefer to turn the great palace into a hospital or children's asylum and live in a modest apartment as he did in Detroit. One thing that worries him is that he has, here in Manila, grander executive offices than his chief, the President of the United States. Mr. Murphy came knowing as little of the Pacific and its problems as the average Philippine citizen knows of the people and administration of Detroit. But he brings an appetite for information, a finely trained mind, a quiet sane judgment. He comes uninstructed as to whether America's policy is to be withdrawal from the drama of the Pacific or determination to play the leading role, but whichever may be the executive decision that cannot long be delayed he will follow it loyally and wholeheartedly.

I am going to quote Governor General Murphy to the extent of only one phrase—and may he pardon: "In my few weeks here I have become so convinced of the good will and sincerity of the Filipino people that should something happen tomorrow I would be inclined to blame myself rather than them." Here is a Governor who is prepared to give his people the benefit of any doubt. How different from the attitude of suspicion so common in such a relationship!

Governor General Murphy knows how strongly commercial and political interests may attract the Filipino people in other directions than toward America. He has nothing to offer in counter-balance save a determination to gain Philippine respect for American administrative integrity and appreciation for its sincere friendliness. Maybe he will gain love. For in politics as elsewhere there is no greater force.

China Hopes to Enact Patent Law in Due Course

A responsible official of the Ministry of Industry at Nanking, July 22, stated that because no Chinese patent law has yet been enacted, articles patented in foreign countries enjoy no patent rights within the jurisidiction of China. However this did not mean that Chinese merchants were able, by using it as a pretext, to obtain protection or exclusion rights for making an article which proved to be an imitation of certain foreign patented products. The spokesman pointed out that Article 1 of the provisional regulations for the encouragement of "industrial technique," promulgated on September 30, 1932, expressly provided that citizens of the Republic of China who invented new industrial products or new processes of production may apply for registration, but if that product or process were found to have been previously awarded a patent in China or abroad, or if proofs were given by interested parties to this effect, then the Ministry of Industry would refuse to accord any registration, or, if such registration had already been granted, would cancel it.

The Ministry, he said, was now engaged in making investigations concerning the special laws of various countries in regard to inventions and patents and hoped to complete this work and establish a patent office in the near future, so that foreign merchants may secure patent rights.

Dollar Liner "President Grant" Advances Sailing Date

The Dollar liner *President Great* will sail from Shanghai Thursday, August 3, the sailing date having been advanced by two days, so as to allow time for the transfer of the vessel from the San Francisco to the Seattle run on the return trip. When the *Grant* arrives in San Francisco this trip she will proceed to Seattle, sailing from that port August 16 for the Orient, as a part of the American Mail Line fleet.

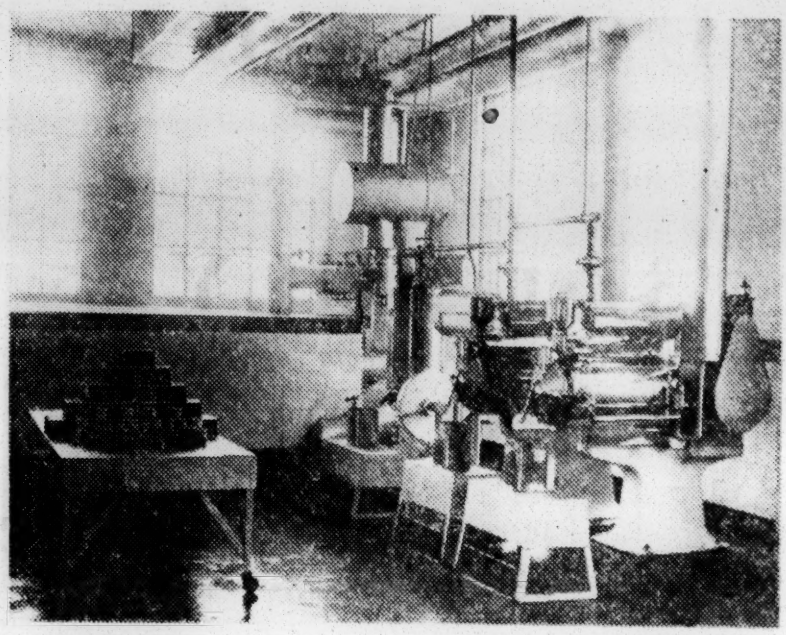
Philippine Islands Ban Rice Straw as Packing Material

The American Consulate General calls the attention of all shippers to the Philippine Islands that the use of rice straw and chaff for packing, binding or tying of merchandise, personal belongings, etc. is strictly prohibited because of the danger of introducing new diseases. Wheat and barley straw will be allowed if dry and clean. Sawdust is suggested as a permissible packing material.

A Visit to Hazelwood Park---the Home of Hazelwood Icecream

BY TRYPHON KU

ONE of Shanghai's important industries, developed within the past few years, is the manufacture of icecream, most of which is manufactured by one concern, namely the Henningsen Produce Co.. which makes the well-known Hazelwood brand in a specially constructed factory, situated in Hazelwood Park, 250 Sawgin road. The factory itself is of the most modern type, and was constructed after consultation with the Shanghai Municipal Health Department. The building has a pretty setting in a park with spacious green lawns, studded with trees and shrubs. The icecream is manufactured under the most sanitary conditions. No human hand touches the materials from the time they are introduced until they emerge in a sealed package ready for the customer. All the employees wear clean, white uniforms. The manufacture of the icecream begins on the top floor. There the imported ingredients are blended in the 300 gallon Super-Ascoly pasteurizer. In this the mixture is thoroughly pasteurized by being brought to a temperature of 175 degrees. From this receptacle the mixture is transferred to another huge vessel and homogenized at a pressure of 2,500 pounds per square inch. This is the main reason for the velvety texture of Hazelwood ice cream. The next step is a temporary storage of the "mix" in refrigerated glass-lined vats. Here it is cooled and stored for a time waiting its trip to the floor below where freezing and packing operations take place.

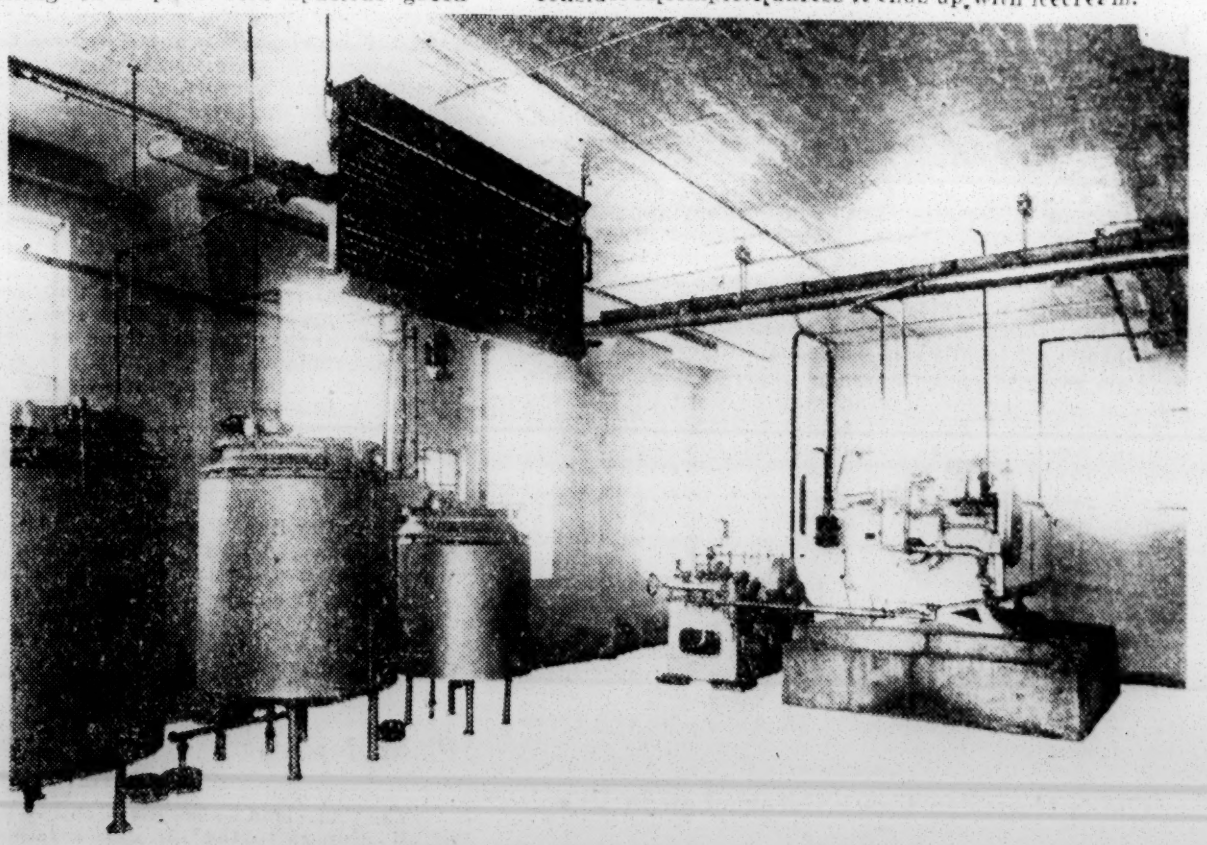


Above are the up-to-date shining freezers of the Hazelwood ice-cream factory which produce 40 quarts of ice-cream every ten minutes. Note the clean tiled walls and the generous window space, and feel assured that a delicacy manufactured under such hygienic conditions is safe, as well as good to eat.

In the shining freezers below 40 quarts of ice cream are created every 10 minutes. Hygiene rules so far as packing is concerned. When the packing has been completed the ice cream is lowered to the floor below that and immediately placed in the hardening room which is subjected to a temperature of 10 degrees below zero. The ammonia process of refrigeration is used. The Hazelwood standard of efficiency continues in the method of delivery. Special refrigerated vans daily cover the entire city, stopping at each dealer to give him his daily supply of fresh ice cream. The manufacturers have extended their supervision even to the dealers and indeed into your own homes. The famous Hazelwood factory-sealed carton, which is not opened until you are ready to eat the ice, is a guarantee that the contents of the package have not been handled since leaving the factory, and that neither moisture nor odors can interfere with the delicious contents.

Made up into handy sizes, into bricks, cups and chocolate bars, as well as sherbert suckers, this delicacy meets all demands, but the good sized dollar brick, so useful for parties or private families, has proved its popularity again and again.

Thus has Shanghai, on the shores of Asia, once more demonstrated its uptodateness. Icecream as a delicacy was introduced to this part of the world only a few years ago, and then only on a modest scale. But the Henningsen Company, with characteristic American enterprise, has demonstrated that icecream properly made and scientifically marketed is just as popular among the Chinese as it is among Americans. The well-known Hazelwood label is to be seen in every nook and corner of Shanghai, and no summer entertainment or party given by Chinese in these days is considered complete unless it ends up with icecream.



A view of the interior of the Hazelwood Park factory, where the ice cream comes from. The intricate-looking machinery on the right is the pasteurizer which renders pure the ingredients. The huge cylindrical vats on the left are the homogenizers, which cool the pasteurized liquid to a temperature of about 36 or 40 degrees.

Dr. J. G. Schurman, Former Ambassador, to Visit Shanghai

Dr. Jacob Gould Schurman, formerly United States Minister to China and later Ambassador to Germany, is due to arrive in Shanghai August 29 to visit his daughter, Mrs. James M. McHugh, wife of First-Lieutenant James M. McHugh of the Fourth Marines. Dr. Schurman will remain here for about five weeks. He plans to depart November 1, proceeding leisurely via Hongkong and Manila to India where he will visit friends during the winter months. From there he will go on to Germany and France, stopping for a time in Paris to see another daughter, Mme. Vladimir Petro-Pavlovsky, who now resides there.

Dr. Schurman was Minister to China from 1921 to 1925. From here he was transferred as Ambassador to Germany by the late President Calvin Coolidge, where he served until 1930.

Dr. Schurman is accompanied by his grandson, Jacob Gould Schurman, son of Robert Schurman of San Francisco. They will occupy the present apartment of Lieutenant and Mrs. McHugh in the West Park Mansions near Jessfield Park, the latter moving to their new home on Tunsin Road about August 15. Since arriving in Shanghai, Lieutenant McHugh has been commanding "C" Company of the First Battation, but was recently transferred to the regimental staff where he will relieve Lieutenant Evans Carlson when the latter departs for his new duty in Peiping about the middle of August.

Chinese Confirm that Korean at Nanking Was Not Kidnapped

In connection with the report of the kindnapping of a Korean youth by the Japanese Consular Police at Nanking, a *Reuter* message from Nanking, dated July 20, stated that after the most careful investigation by the Chinese Foreign Office, police and military authorities, the report was found to be entirely without foundation. The message added that the Korean concerned voluntarily went to the Japanese Consulate and was not kidnapped as reported, but failed to disclose why the man surrendered himself and what has become of him.

CHINA GOES TO GENEVA FOR TECHNICAL ASSISTANCE IN RECONSTRUCTION PROGRAM

(*Continued from page 365*)

Mr. Davy			English Literature
古維先生	英	English	文學
Dr. Parejas			Geology
巴利加博士	瑞士	Swiss	地質
„ Wissmann			Geography
維斯門博士	德	German	地理
Signor Sardi			Cinema
沙地先生			教育電影
Mr. Coode			Civil Engineer
高德先生	英	English	工程
„ Sieveking			„ „
西維京先生	德	German	„ „
„ M. S. Okecki			Road Construction
敖京基先生	波蘭	Polish	道路
„ J. J. M. Boudrez			Hydraulic Engineer
蒲德利先生	荷蘭	Neth.	水利
„ Robert Haas			Communication
哈斯先生			交通
Dr. Borcic			Health
鮑熙博士			衛生
„ L. Rajchman			„
拉西曼博士	波蘭	Polish	„
„ C. Park			„
派克博士			„
Sir Arthur Salter			Finance
沙爾脫	英	English	財政
Dr. C. T. Dragoni			Rural Reconstruction
特福貢尼博士	意	Italian	農村建設
„ G. Perris			Agriculture
伯利博士	„	„	農業
„ B. Mari			Sericulture
瑪利博士	„	„	蠶桑
Mr. F. J. E. Lange			Telegraph & Telephones
郎格先生	德	German	電話電報
„ R. C. G. Somervell			Civil Administration
蘇墨維爾先生	英	English	行政
„ W. Jaenicke		„	„
晏納克先生	德	German	„

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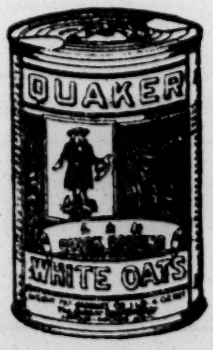

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Gen. Huang Says China Should Have 1,500 Airplanes

Gen. Huang Ping-heng, former Chief of the Aviation Department, in a recent interview said that China should at least command an air force of 1,500 machines of a high standard and with the best and complete equipment and provision for aviation, and operated by a selected personnel. Gen. Huang, who was sent to Europe by the Government in March this year to inspect aviation enterprises, returned last week. He said it is unwise to maintain an army of more than 2,000 000 strong in the country; China's weakness in national defence he said was fully exposed in the Japanese invasion. He reiterated that if China had disbanded her surplus troops and with the expenses thus saved had used the money for the strenthening of national defence and the air force, her position would be quite different.

A well-known German aircraft construction firm has decided to make bombing airplanes for the Chinese Army. As the Versailles Treaty precludes these being constructed in Germany, said German firm has decided to open a factory in Esthonia.

The first trial flight on the Lanchow-Hsining branch airway of the Northwest Airway was made during the week.

A joint air transportation service between China, Soviet Russia and Germany will be formally inaugurated during August provided no fresh disturbances break out in Sinkiang in the meanwhile, it is learned from the authorities of the Eurasia Aviation Company. The Company is now making preparations to make the service a success.

August 12 has been set as the date for the christening ceremony of the five newly-arrived contributed planes, according to a decision reached at a meeting of the China Aviation League July 24. The ceremony will be held at the Kiangwan Race course.

Sun Tung-kang Completes Flight from Berlin

Sun Tung-kang, the Chinese aviator, arrived in Nanking July 21, thus completing his Berlin to Nanking long-distance flight. The Chinese Aviation Bureau at Nanking gave a luncheon in his honor. Mr. Sun, who is a native of Hopei province and who studied aviation in Germany, arrived in Canton several days previously, after having made 21 stops since he left Germany. He was accompanied on his flight by a German flier. At Canton he was entertained by Liu Chi-wen, the Mayor of Canton. Since his arrival he took a side-trip to Kiangsi for a conference, on orders from Chiang Kai-shek. He will later fly to North China.

The Chinese home-made seaplane *Kiang Chuen*, piloted by Captain Chen Wen-lin, the first Chinese aviator who flew direct from Europe to China and is now Director of the Aviation school at Foochow, arrived in Shanghai from Nanking during the week. After a brief stop in Shanghai, Captain Chen will leave in his machine for Pengpu, Tsinan, Tientsin and Peiping.

The airplane *Kiangying*, the second Chinese-made airplane, is flying in easy stages from Amoy to Shanghai, Nanking, Hsuchow, Tsinan, Tientsin and Peiping, returning via Tsingtao and Shanghai, and will then proceed to Swatow, Canton, Wuchow, Nanning, and other southern cities on a demonstration tour.

China Will Place in Service 3000 Fighting Planes

General Chow Chih-jung, Chinese airman, at present in San Francisco, announced in San Francisco July 18 that the Nanking Government will place in service 3000 fighting airplanes within the next three years.

According to information from aviation circles in Shanghai the Government has decided to give rigid training for air defence to the people at various centers in the country, starting with Nanking. The training will extend over a period of eighteen months, starting next month.

Peiping Journal Critical of China's Air Forces

The Peiping *Yi Shih Pao* comments:—"The value of the Chinese air force as a factor of national defence is practically nil. As a result there has been a strong movement for the development of military aviation during the last year or so. In fact, every day we come across reports about the purchase of airplanes by the Chinese Government or private organizations. For example, the other day it was reported that Kwangtung had purchased 16 combat planes. At the same time word came from the United States that the Central Government had just placed an order for 36 fighting planes. According to a foreign news agency report from Rome Mr. Soong brought up the question of the Chinese Government purchasing a fleet of airplanes in Italy in the course of his interview with Signor Mussolini. There is no doubt that the airplane will play the decisive part in the wars of the future, so it behooves us to concentrate our attention on the development of aviation. But when we recall the story of the development of our navy and army we cannot but regard the present movement for the creation of a strong air force with considerable misgiving."

Wiley Post Completes Round-the-World Flight in Record Time

The American airman, Wiley Post, landed at midnight July 22 at New York, whence he took off on July 15 at 4.10 a.m. on a solo round-the-world flight, now successfully completed by him. The flier was assisted on his lone journey by a "robot" automatically keeping the course of the plane. Wiley Post's present trip establishes a new time record for the journey, which he completed 18 hours ahead of the time shown by him and Gatty in 1931. He is incidentally the first man to fly solo around the world.

The Soviet airman, Levanevsky, made a forced landing at Providence Bay, on the Bering Sea., July 22, while on his return flight from Nome, Alaska, whither he escorted the American flier, James Mattern.

Mr. and Mrs. James Mollison, British flying pair, after successfully flying across the Atlantic, crashed 40 miles east of New York city July 23. They were slightly bruised.

Forty thousand persons attended the state funeral at Kovno, July 20 of the ill-fated Lithuanian airmen, Captain Stephen Darius and Lieutenant Stanley Girenas, who crashed to their death in a pine forest north of Berlin after having successfully flown across the Atlantic from New York.

General Balbo's Italian air armada of 23 flying-boats, started on their return flight to Italy July 24 from New York.

Russo-Asiatic Bank Liquidator Protests C. E. R. Sale

Following notes sent several months ago on the same subject, another note was sent last week to the Soviet Ambassador by Percy Chu, liquidator of the Russo-Asiatic Bank, pointing out that the Chinese Eastern Railway Co. is the original owner of the C.E.R. line; that its dispossession by the Soviet and Chinese Governments in 1924 (a dispossession against which formal protests have been lodged) was subject to indemnification by the Soviet Government as prescribed in paragraph 4 of Article IX of the Sino-Soviet Agreement on General Principles of May 31, 1924; and that the party to be indemnified is the Russo-Asiatic Bank (in liquidation), sole owner of the shares of the C.E.R.

Mr. Chu further pointed out that, so long as the Soviet Government has not acquired, by indemnification, the rights of the shareholders, the Soviet Government has not the legal title to the ownership of railway and cannot, therefore, dispose of it. Unless they bear a transfer endorsement duly signed and sealed by the Russo-Asiatic Bank, the sole owner, no shares or certificates of shares of the C.E.R. can constitute a valid title for further transfer.

The note was sent by Mr. Chu following the publication in Shanghai newspapers of two memoranda respectively issued by the Soviet Embassy in Tokyo and the delegation of the so-called Manchukuo Government concerning the clauses of the treaty for the transfer of the rights of Soviet Russia in the C.E.R.

C.E.R. Negotiations Resumed

After an interval of more than 10 days since the adjournment of the fifth meeting on the question of the sale of the North Manchurian Railway (C.E.R.) it was mutually agreed between the Soviet and Manchukuo representatives to hold a sixth meeting July 26.

The Manchukuo representative will continue to refute the Soviet claim to ownership of the Railway and suggested that private conversations shall be held at some of the near-by summer resorts, such as either Nikko or Karuisawa.

The Russian press in Harbin reports that many Soviet employees of the Chinese Eastern Railway have recently

resigned, one of the reasons being that the majority of them have been in the employ of the railway for over twenty years, and they are due to receive fairly large amounts from the Pension Fund, which, legally, becomes payable as soon as their resignations become effective.

The Soviet Foreign Office July 23, issued an official denial of reports that Russian troops are being concentrated on the Manchurian border for a contemplated attack on Manchuli.

A spokesmen of the War Office in Tokyo, July 22 scoffed at the rumors circulated by some papers in regard to the alleged imminence of war between the Soviet and Manchukuo and the concentration of Soviet troops along the Manchurian frontier. The spokesman said he refused to believe these rumors, pointing out that "friendly gestures" had been made by the Soviet towards Manchukuo in the form of approval of the Manchukuo river fleet patrolling the Amur and in the offer to sell the Chinese Eastern Railway.

Five Manchukuo gunboats left Harbin July 25 with the announced object of protecting Manchukuo shipping in the Ussuri and Amur rivers within the territorial limits of the new State.

Soviets Pay Indenmity for Shooting of Three Japanese Fishermen

The Olga incident in which three Japanese fishermen were allegedly shot to death by Soviet coast guards near Olga point in eastern Kamchatka on June 15, has been amicably settled. The Soviets have agreed to pay about Yen 65,000 as indemnity for the families of the three Japanese victims.

A refugee who arrived at Harbin recently from the Maritime Province of Siberia alleges that Vladivostock and the surrounding districts are in the grip of a serious famine.

Japanese Wireless Operators to Participate in Maneuvers

The aerial defence maneuvers to be held over Tokyo and the five neighboring prefectures next month will be the most elaborate ever held in Japan. Even amateur wireless operators have been summoned to play their part. Sixteen registered members out of the total of 130 comprising the Japan Amateur Wireless Association have been called out to help "defend" the city. Eight of these will be attached to the headquarters of the Air Defence army, while the remaining eight will be allotted to respective branch field stations.

Japanese Press Attacks Britain and Soviet Russia

The British and the Soviets have for the moment become the principal points of attack by the Japanese daily newspapers. The British are being attacked because of the increase of customs duties into India. The Soviets are attacked on the score of communism, but evidently the Soviet's stiff attitude on the C. E. R. question has something to do with the Japanese resentment against the Soviets. The United States and Americans are on the contrary being referred to in flattering terms—this by way of comparison.

Bitter Trade War Between Japan and Britain Foreshadowed

The possibility of a bitter trade war between Great Britain and Japan is regarded as nearer than ever as the result of a statement made in the House of Commons by the Secretary of State for the Colonies July 20 to the effect that to cope with Japanese competition in respect of silk and cotton in the Colonies, it would be necessary to increase the duties in some cases by so much as 200 per cent.

The Japanese Foreign Office July 24 summoned the leading business men concerned to a conference in Tokyo regarding the Anglo-Japanese trade talk. The British reply to Japan's note caused some dissatisfaction among Japanese business circles, because Great Britain suggested the inclusion of rayon and mixtures of rayon and cotton in the agenda to be discussed in the proposed Anglo-Japanese conference, and also separate arrangements with the British Dominions and Colonies.

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Silver Agreement Reached at World Economic Conference

One of the few tangible results of the World Economic Conference in London emerged July 23 in the form of an agreement by which, for a period four years from January 1, 1934, sales of silver by India and Spain will be limited, to 35,000,000 ounces yearly by India, and 5,000,000 ounces yearly by Spain, while producing countries will buy 35,000,000 ounces yearly during the same period from their mine production. There is general satisfaction with the agreement, which Senator Key Pittman describes as the biggest thing in his life. However, most of the more important provisions in the original measure had to be eliminated so as to get any action at all.

Negotiations proceeded the whole of July 22 and by evening a virtual agreement had been reached, after which the delegates scattered. Subsequently verbal alterations were made in the agreement, necessitating initialling by all delegates. All were obtained except that of Dr. W. W. Yen, the Chinese delegate, and a dramatic hunt for him ensued. Finally, Senator Pittmen's secretary returned early next morning triumphantly bearing a copy of the agreement signed by Dr. Yen.

The agreement entered into by the delegates concerns India, China and Spain as the holders of large stocks, or as users of silver and by Australia, Canada, the United States, Mexico and Peru as the principal producers of silver.

China Little Affected by Agreement

The benefits which China is likely to derive from the silver agreement were expounded later by Dr. W. W. Yen, Chinese ambassador in Moscow. Dr. Yen believes that it will help to stabilize silver, which has been the Chinese delegates' principal aim at the World Economic Conference. Incidentally it will raise the price to normal value, and that of course will greatly increase China's purchasing power and will be helpful in the present economic crisis. Dr. Yen does not believe, however, that the value of silver will rise abnormally. Such would be disturbing to China's national economy.

E. Kann, Shanghai's leading authority on silver, expressed the opinion that the agreement was only "mildly beneficial." He said one important point that has not been taken care of in the agreement is the 125,000,000 ounces of silver held in New York by speculators which may be thrown on the market any day and cause a world bombshell. The agreement has not affected the Shanghai market, Mr. Kann said, partly because its effects had been discounted in advance and partly because it is not important enough to insure the future and permanent strength of silver.

America Urges Agreement Against Trade Barriers

A plenary session of the whole Economic Conference was scheduled to be held July 27, after which the Bureau was to meet again for the final time.

It is understood that should the Conference reassemble at a future date Japan will be represented by the embassy staff of the World Economic Conference and will not send a special delegation to London again.

A program on commercial policy, suggested by the United States Government, was sent to the Conference by Cordell Hull, head of the American delegation laying down that the governments represented at the Conference should undertake to reach agreements to cease erecting new trade barriers and for a progressive reduction of the existing barriers.

Britain Will Insisit on Soviets Paying Debts

Lord Londonderry stated in the House of Lords July 20 that no permanent Anglo-Russian commercial treaty would be made without a settlement of Russian debts and British claims on Russia. Lord Londonderry added that the question of diplomatic immunity for the Russian trade delegation in London was being constantly considered. Two committees, he announced, had been established, one to consider the proposed new trade agreement and the other to deal with the specific issue of the balance of payment between the two countries. One of the main objects of the Government, he added, would be to redress as rapidly as possible the balance of payment, which hitherto had been heavily adverse to Britain.

G. G. Stroebe Discusses Yangtsze River Problems

G. G. Stroebe, Chief Engineer of the Yangtsze River Conservancy and Consulting Chief Engineer of the Kiang-Han Engineering Bureau, read a paper on "The Yangtsze River," before the Cosmopolitan Club, Hankow, July 13. The following are extracts:

In speaking of the Yangtsze we might consider its leading characteristics: (1) Quantity of water that it conveys to the sea; (2) silt; (3) slope; (4) water power; (5) floods. 7,000 cubic meters per second in winter time; 67,000 cubic meters per second, when in high flood. Thirty tons of silt are constantly conveyed past a point in Hankow during each second. This is enough mud to bury Shanghai (both concessions) with a blanket of earth 25 feet deep per year. Headwaters in Tibet, 3,200 miles from sea and 16,000 feet above sea. In first 1,500 miles river falls 15,000 feet.

Slope: Chungking—Ichang, 12 inches per mile; Ichang—Hankow, 2½ inches per mile; Hankow—Kiukiang, 1½ inches per mile; Kiukiang—Wuhu, ¾ inches per mile; Wuhu-Nanking ½ inch per mile; Nanking—Woosung ¼ inch per mile.

Side Channels—Estimated cost U. S. $337,000,000. Effectiveness doubtful. Widening The River—Estimated cost to decrease flood stage 8 feet, U. S. $1,000,000,000. Would destroy many towns and remove many settlements too far from the low water channel to be served by navigation.

Straightening the Channel—Method is considered too uncertain and threatening to warrent adoption.

Dykes and Utilization of Parallel Rivers—This is the plan that was adopted. Original estimate was $325,000,000. In China there is no river parallel to the Yangtsze that could be utilized to discharge excess waters. The Yangtsze must discharge its own flood waters. Reservoirs lose a large part of their effectiveness unless kept empty until wanted to store the peak waters of the flood. The possibility of efficiently storing Yangtsze flood waters needs thorough study. The National Government is now making a survey of the available lakes that can be used for storage.

Details of Recent Floods, Famines and Droughts

According to a report received by the Nanking Government from the National Relief Commission there have been frequent plagues, famines, floods and hailstones in various provinces of China during the period from January 1 to July 10 of this year. They were as follows:

Chekiang: Flood, 6 districts. Kiangsi: flood, 14 districts. Hunan: flood, 32 districts. Honan: flood, 11; drought, 7; frost, 4; hailstones, 11; locusts, 3; windstorm, 6 districts. Shensi: Drought, 13; frost, 31; hailstones, 7; windstorm, 37; flood, 3 districts. Kansu: Earthquake, 7; drought, 4; famine, 30; plague, 1 district. Anhuei: Windstorm, 2; flood, 4; hailstones, 2 districts. Kweichow: Drought, 13; hailstones, 3; flood, 4; windstorm, 3 districts. Kiangsu: Flood, 1 district.

American Negro Communist Expelled from Japan

Langston Hughes, an American Negro proletarian writer, has been ordered to leave Japan on a charge of acting as liaison between the Comintern and Japanese communist sympathizers. Hughes had spent almost a year in Soviet Russia and passed through Shanghai on his way back to the United States. He contributed an article to the *China Forum* of July 14, in which occurred the sentence; "May be the Kuomintang has sold Chinese culture to Japanese at Chapei, or bartered it over the Great Wall." From here Hughes went to Japan.

German Nazis Continue to Oppress Jews

Over two hundred Jews, most of them businessmen and shop-keepers, were arrested by Nazis and paraded through the streets in Nurenburg, July 20, the procession being flanked by Storm Troops. Later the arrested persons were taken to the local barracks.

Germany Demands a Colonial Empire

The German Colonial Propaganda Exhibition was opened in Berlin July 21 in the presence of Government and high Nazi officials. In the course of a speech the Lord Mayor, presiding, declared:—"We do not ask for the right to have soil but demand it on behalf of the German people. A people without room makes a nation without life."

Is Tibet to Become Another Puppet State?

A recent report from Szechuen stated that the Dalai Lama has ordered the Tibetan troops on the Sikang border to resume their advance. The Chinese garrison commander at Sikang, General Liu Yuan-chang, has repeatedly telegraphed to General Liu Wen-huei asking for reinforcements, but to no avail. Tehkeh, a city on the Sikang border, has apparently already been occupied by the Tibetans. The Dalai Lama is reported to have recently received a large consignment of arms and ammunition from abroad. He is stated to be planning to unify Sikang and Chinghai and then to establish an independent state, with himself as king.

According to information from military sources, the Tibetan authorities have taken advantage of the civil war in Szechuen to increase the Tibetan garrison on the Kinsha River by three battalions. These troops are reported to be making feverish warlike preparations for an advance on Sikang, which is now practically denuded of troops.

The Panchan Lama recently purchased a large consignment of arms and ammunition at Peiping. These were sent up to Suiyuan July 22 by special train.

General Chiang Entertains Li Tu at Kuling

General Chiang Kai-shek was the host at a dinner given at Kuling in the night of July 22 in honor of General Li Tu, former Acting Deputy Defence Commissioner for the North-eastern Border, who recently returned to China from Soviet Russia via Europe. General Hsiung Shih-hui, Chairman of the Kiangsi Provincial Government, and others were also present. General Li Tu submitted a detailed report to General Chiang on his campaign of resistance against the Japanese invaders in Kirin, and conferred with General Chiang concerning the disposal of his troops now stationed in Sinkiang province.

General Su Ping-wen also proceeded to Kuling during the week for a personal meeting with General Chiang Kai-shek on the reorganization of his troops now in Sinkiang.

General Ma Chan-shan has gone to Mokanshan, the resort near Hangchow, where he will spend the rest of the summer season. General Ma has never before experienced such hot weather as he has found in Shanghai and as a result the Heilungkiang hero is slightly indisposed.

General Ma Chan-shan has declined the appointment recently tendered him as member of the Military Affairs Commission. In a telegram despatched to the National Government he said that "having been responsible for the loss of national territories in the Northeast I am only deserving of punishment and do not merit such a high appointment as membership in the Military Affairs Commission."

Chaplain Brooks Discusses "Gentlemen" and "Tradesmen"

Chaplain Joseph H. Brooks spoke on the subject, "The Sovereignty of Gentleness," at the service of the Fourth Marines Church held in the Cathay Theatre Sunday, July 23. Among other things Chaplain Brooks said: "The officers of the army, navy, and marine corps are commissioned as 'officers and gentlemen.' Some people have spoken lightly of this, saying that we are gentlemen by act of Congress. But there was some definite reason behind the wording of those commissions as 'officers and gentlemen.' Our fathers were wiser in some ways than we are. They saw the need of 'gentlemen' in government service. In these latter days we have fallen into decadent times and our lawmakers have been tradesmen who have lost the ideals of their fathers. They think of officers only as 'hired servants,' as technical experts, as trained professional men. This is only one indication of the loss of America through the enthronement of businessmen in place of gentlemen. We have become a nation of tradesmen, experts, money-changers, manufacturers, specialists of all kinds. We have exalted selfishness and avarice in place of thoughtfulness and helpfulness. Success has come to mean the accumulation of enormous fortunes from trade instead of the attainment of contentment and happiness through culture and service."

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Peping-Liaoning Railway

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No. 2

19th Route Army Launches Attack on Communists

An attack on the Communists at Tingchow, their principal stronghold in western Fukien, was launched by the 19th Route Army under General Tsai Ting-kai from three directions, latter part of last week. The Communist forces retreated westwards to Juichin, their headquarters in south-eastern Kiangsi.

The drive carried out by the 19th Route Army against the Communist stronghold at Changting, in Western Fukien, is nearing completion. Four divisions commanded by Generals Chang Yen, Tang Chi-hsiu, Shen Kwang-han and Oou Shou-nien, all well-known commanders of the 19th Route Army, are employed in the offensive against Changting.

Following the recapture of Mingchi and Chingliu, the Division under Lieut.-General Lu Hsing-pang headed for Ninghua, an important bandit rendezvous in western Fukien.

Further successes against that Communist forces ravaging South Kiangsi were claimed in recent dispatches from General Wang Chan-pin, commander of the 44th Division of the Kwangsi army, who says that his troops have captured several towns from the Reds near Anyuan.

General Chen Chi-tang, Commander of the First Group Army in Kwangtung, issued a long manifesto July 22 to the Kiangsi people urging them to assist the Cantonese troops in clearing out the communists from the province so that they may enjoy peace and prosperity.

Military sources reported end of last week that 6,000 Communists from Chunmenlin had been making a desperate attack on Chinwu, south of Chunmenlin. Although two regiments of the Cantonese troops were sent to resist the Communist advance, they were unable to hold back the Red forces, who finally captured Chinwu. However the city was recaptured July 18 when the Cantonese troops received reinforcements. The two Cantonese regiments are reported to have suffered enormous casualties as a result of the engagement.

A Department of Kuomintang and Political Affairs has been added to the anti-Communist south route command. Similar organs are to be attached to the four detachments under the same command.

Communists in Kiangsi Still Unconquered

According to reports received in Hongkong the main body of the Communists is moving swiftly in the direction of Ihuang and Fengchen, with the obvious intention of making a drive against Nanchang. To strengthen the defence of Nanchang, General Chiang Kai-shek has ordered his crack troops to move on to Fengchen. In Western Kiangsi from eight to nine thousand Communists have taken up positions against the Cantonese troops commanded by General Yu Han-mou. The Cantonese troops on this front are admittedly not making much progress.

Anti-Communist Drive in South China

Canton correspondence in the Peiping *Morning Post* states that complete mystery surrounds the Communist campaign conducted by the Cantonese troops in Southern Kiangsi. But, according to reports from independent sources there have been practically no military operations in Southern Kiangsi: and the commanders appointed by General Chen Chi-tang to the Southern Front have not yet all assumed office. It is true that four divisions of Cantonese troops have been thrown out along the south Kiangsi front, but they are remaining on the defensive and no attack has yet been made. What is more, General Chen Chi-tang has not even ordered a general offensive, as claimed in the press.

The Peiping *Morning Post* comments:—"The situation in China has reached such a pass that every one knows the futility of a policy of unification through the employment of armed force. The only alternative is the policy of unification through reconstruction. No one therefore can seriously quarrel with Wang Ching-wei's policy in principle, but it must be pointed out that, before any reconstruction is possible, the Central Government must have a comprehensive plan and also must be able to co-operate with the local authorities. Mr. Wang hopes that not only the Central Government but also the local authorities, as well as those who are opposed to the Government, will exert themselves in the cause of reconstruction. He further says the ultimate victory will go to those who can show their ability to undertake reconstruction work, while those who are unable to show results in the field of reconstruction are bound to be eliminated. In other words, the point which Mr. Wang wants to drive home is that it is futile for the Government to employ force against its opponents, or vice versa, and that the control of political powers should be determined by the result of reconstruction."

The recent Communist invasion of Chekiang territory from the South by way of Fukien was repulsed by the First Regiment of the Chekiang Provincial Guards after a serious engagement on the Chekiang-Fukien border July 20.

A Communist plan to stage a riot in Tientsin early this Autumn was frustrated July 21 by the arrest of a large number of Communist elements in the various Concessions in Tientsin.

Anti-Civil-War League Recommends Abolition of Garrison Districts in Szechuen

In view of the reports that, as a result of the Government's appointment of General Liu Hsiang as Bandit-suppression Commander for Szechuen, General Liu Wen-hui, Commander of the 24th Army, has already voluntarily withdrawn to southern Szechuen, the National Anti-Civil War League has despatched a telegram to the Central Government urging that the opportunity be seized to effect a durable solution of the Szechuan situation. The League recommends that to avoid military rivalry, the system of garrison districts for the various provincial units shall be abolished and that national units shall be assigned to the various districts for the maintenance of peace and order.

A Chungking correspondent writes to the Peiping *Morning Post* that the defeat of General Liu Wen-huei by the Allied forces under General Liu Hsiang is considered a foregone conclusion. The most serious blow to the former is the fact that some of his subordinate officers have a secret understanding with General Liu Hsiang and are refusing to carry out the military plans drawn up by General Liu Wen-huei. The main body of General Liu Wen-huei's troops has withdrawn to the right bank of the Min River with the obvious intention of launching an offensive whenever there is an opportunity to do so as it is very difficult for the Allied forces to cross the River.

Concrete measures relative to the bandit-suppression campaign in northern Szechuen were decided upon at a military conference at Chengtu, convened by General Liu Hsiang, Rehabilitation Commissioner for Szechuen, July 24. General Liu Hsiang will assume his new duties as Commander-in-Chief of the Szechuen Bandit-suppression forces on August 1. He will entrust General Tien with direction of the campaign at the front.

Tseng Kuang-ching, reserve member of the Central Executive Committee, departed from Hankow for Chungking by airplane July 23. After two or three days in Chungking, Mr. Tseng was scheduled to leave for Chengtu to confer with General Liu Hsiang, Commander-in-Chief of the Szechuen Bandit-suppression forces, and other Szechuen generals concerning bandit-suppression measures on behalf of General Chiang Kai-shek.

A recent Chungking message stated that the repeated attempts made by the Allied forces under General Liu Hsiang to force a crossing of the Min River have failed entirely resulting only in great casualties. General Liu Hsiang has issued an order for the commandeering of all houseboate on the Min Kiver. These will be made into pontoons for the use of the troops. At the same time the aviation squadron of the Allied Army has received instructions to prepare 240 lbs. of incendiary bombs for raiding towns now occupied by General Liu Wen-huei.

Mohammedans in Sinkiang Oppose Tai Chi-tao

Ting Hsi-chen, the leader of the Mohammedan religion in China, addressed a telegram July 18 from Peiping to the Government at Nanking strongly voicing his opposition to the appointment of Tai Chi-tao as Pacification Commissioner to Sinkiang. He said that if Mr. Tai actually goes there he will probably share the same fate as General Huang Mo-sung, because both have no contact with the Mohammedans. He suggested that either Fang Chueh-huei, a member of the Hupeh provincial government, or Chu Min-yi, Chief Secretary of the Executive Yuan, should be sent to Sinkiang because they are on very good terms with the Mohammedans.

General Ma Lin, Chairman of the Chinghai Provincial Government, has sent his representative to Nanking to convey to the Government the strong opposition of the

Chinghai people against the presence of General Sun Tien-ying's troops in that province.

Nanking Decides to Reorganize Sinkiang Provincial Government

A Nanking message datei July 24 stated that the Government has definitely decided to reorganize the Sinkiang provincial government. Contrary to early predictions Liu Wen-lung and Shen Shih-tsai will not be given the posts they want but will only be appointed members of the new Sinkiang Provincial Government. Both Generals Su Ping-wen and Li Tu have been mentioned as possible candidates for the post of Chairman of Sinkiang.

Mohammedan General Debarred from Kansu

A Lanchow telegran July 24 stated that the troops under General Ma Chung-yin are unable to return to Kansu as a result of the strong opposition manifested against them by Kansu people. The garrison troops at Suchow, Lanchow and Liangchow have formed an alliance to keep the Mohammedan troops away from the province. General Ma's troops recently left Kansu to join in the rebellion in Sinkiang, but were defeated by the provincial troops in that province.

British See an Attack by Khirgiz Troops on Kashgar New City

A *Reuter* message from Simla July 22 stated that a combined attack by Khotan and Khirghiz troops on Kashgar New City to seize arms and money from the Chinese Tungan forces was imminent unless the Turki leader Khoja Niaz, who holds the Gobi desert town and oasis of Hami, effects a compromise between Timur, the Turki commander, and the Khotan tribal leader, both of whom recognize Khoja's distant cuthority. Great anxiety, it was stated, existed among the Chinese Tungans as fresh Khotan reinforcements are reported to be en route from Yarkand, while it is reported that unsettled conditions also prevail in Serikol. Sinkiang and Chinghai, it is to be remembered, are centers of intrigue by the British, the Soviets and Japanese—see editorials in *The Review* May 6 and June 10 this year.

General Huang Mu-sung, Pacification Commissioner for Sinkiang, accompanied by four members of his suite, returned to Nanking from Tihua July 22. He proceeded immediately to Kuling to report to General Chiang Kai-shek and President Wang Ching-wei on his mission. Questioned in regard to the situation in Sinkiang, General Huang declined to make any statement, pointing out merely that the situation was extremely complicated and that he was not in a position to say anything at present. A member of his staff, Kao Chang-chu, when questioned in regard to the reported *coup* in Sinkiang which resulted in the execution of three officials by General Sheng Shih-tsai, said that the trouble arose out of the fact that a portion of the people in Sinkiang, with a view to facilitating the development of the natural resources of the provinces, had proposed the organisation of a new Committee in place of the Provincial Government. This Committee was to include talented men of all political affiliations, and was to be headed by General Sheng Shih-tsai. Apprehensive however that the establishment of such a Committee would curtain his powers, the latter was opposed to the scheme. It was because of their championship of this scheme that the two provincial officials and a Chinese pilot of the Eurasia Corporation were executed.

Alleged Chinese Accomplices of Ezra on Trial in Shanghai

Judgment is to be given July 29 in the case of Nyi Tse-liang, usually known as "the morphine king" charged with manufacturing opium substitutes and with smuggling narcotics before the Second District Court in the French Concession.

Chen Tsei-nan, a well-known Chinese pharmacist is to be tried in a separate session of the Court. Both Nyi and Chen were arrested at their French Concession homes sometime ago following the receipt by the French police of documents from the American Consulate, revealing the smuggling activities connected with the Ezra case in San Francisco. Their headquarters at No. 6 Rue Chasan were raided. When the French police raided the home of Nyi at No. 8 Route Vallon on June 26, they found over 10,000 grains of red-pills, an opium substitute, together with a set of account books enumerating all narcotic dealings, were seized.

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All applications and inquiries should be addressed to the Director at 1954 Avenue Haig, Shanghai.

T. V. Soong Will Return to China in August

According to Chinese telegraphic advices from Nanking T. V. Soong telegraphed July 24 to Wang Ching-wei, saying that he expects to sail for China with Dr. Rajchman on August 5, arriving in Shanghai about the end of next month. Dr. Rajchman is the Polish director of the Health Section of the League of Nations who has been appointed the League's representative to China to co-ordinate the work of foreign technical experts employed by China through the Geneva organization.

Mr. Soong was entertained in Berlin July 21 at a luncheon given in his honor by the German Government when many leading civil and military officials attended.

In connection with the proposed technical cooperation between China and the League of Nations, a Nanking message state that the scope of this co-operation will be confined to the establishment of heavy industries, water conservancy, highway construction, improvement of agriculture and sericulture and promotion of public health. The assistance to be obtained from the League, it is understood, will consist only in technical planning and the loan of experts. Arrangements for investments and financing of these enterprises will be made separately.

The Peiping *Yi Shih Pao* comments:—"If we want to secure the full benefit of foreign technical co-operation we must first strive to put our house in order. The success of the Soviet Five- Year Plan is due as much to the assistance of British and American experts as to the ability of Soviet Russia to evolve a stable government. When we do not have a good government the employment of foreign experts in the development of China can only lead to two results. First, there will be a repetition of the history of the foreign control of the Customs and the Posts, and efficiency of administration is achieved at the sacrifice of sovereign rights. This may be considered not altogether a bad result. Secondly, China may be reduced to the status of a colony. Another possibility is that foreign technical experts may be contaminated by the degenerating influence of Chinese officialdom and become as corrupt as Chinese officials."

Cantonese Attack T. V. Soong on Wheat Loan

A *Central Press* telegram from Canton July 15 stated that there seems to be no end in the opposition to the Tangku armistice and the U.S. $50,000,000 loan from the United States. Telegrams issued by various public bodies in Kwangtung strongly denounced the Nanking authorities for patching up an armistice with Japan which impliedly signs away Manchuria and Jehol to Japan. This act is deemed nothing but treacherous. T. V. Soong is strongly assailed for concluding the big loan whose proceeds are believed to be used to further his personal aggrandizement as well as that of his brother-in-law, General Chiang Kai-shek.

These telegrams are issued by the Lien County Kuomintang, Kongmoon County Kuomintang in plenary session and Kwangcheuwan Branch Kuomintang Office.

According to information from Chinese banking circles in Shanghai, no decision will be made regarding the disposal of the American Cotton and Wheat Loan until after the return of T. V. Soong from Europe. Although the disposal of the fund will be handled by a commission appointed by the Government, the latter will not be organized until the Finance Minister returns from abroad.

A recent Japanese telegram reported that T. V Soong, has succeeded in making a loan contract to the amount of three million lira, in Italy. Besides placing an order for 16 hydro-planes, of the same type with that used in General Balbo's aerial expedition to Chicago, more than ten land planes are said to have been also ordered from an Italian factory.

Japanese Government Protests Loans to China

A spokesman of the Foreign Office told newspapermen in Tokyo July 24 that the Japanese government objects to loans which are reported to be granted by European and American countries of China, and to the sale of arms and ammunition to China by these countries. He said that Japan objebts because such loans or sales of arms and ammunition will result in the disturbance of peace in the Far East, by aggravating the internal situation in China where various warlords will be induced to fight each other with a vengeance, or by stimulating the Chinese to let loose another anti-Japanese agitation. Particular reference was made to T. V. Soong's activities in securing loans.

Kuomintang Member Accused of Plot Against T. V. Soong

Accused of having instigated a plot to assassinate T. V. Soong, Minister of Finance, in Hongkong upon his return from Europe, Ling Chih-yuan, a member of the Kuomintang was arrested last week in his house, 87 Chung Yang Alley, East Yuhang Road, by Shanghai Settlement police upon the request of the Chinese Police, and brought before Judge Siao of the First Special District Court July 20. T. Y. Chang, assistant municipal advocate, told the court that according to information from the Chinese police, Ling was to leave for Hongkong shortly to meet the Finance Minister who is returning from abroad. The accused was reported to have planned either to open fire on Mr. Soong on his landing in Hongkong, or to follow him to Shanghai to commit the crime. It was alleged, that in the event the second way was chosen, Mr. Chang continued, the accused would then place two bombs on the wharf. While in the police station, Mr. Chang stated, the accused denied the story. He requested the court to remand the case for one week so as to enable the police to investigate the matter further.

Questioned by the judge, Ling stated that he joined in the Kuomintang twenty years ago. He had held many Kuomintang or Government posts during the past twenty years, the last one being the post of chief of the Taichow branch office of the Kiangsu and Chekiang Fishing Industry Bureau. As he had no job in Shanghai, one Wang Shu-jen, former secretary to Mr. Soong, had asked him to go to Hongkong to protect Mr. Soong. In his house, he said, there was no military agent. He denied the whole story concerning the plot.

Shu Chi-feng, who appeared for the Chinese police, then requested the court to hand over the accused to the Bureau of Public Safety for three days for investigation, after which the accused would be turned over to the Settlement authorities again. This was granted by the judge, and the case was remanded for one week.

French Occupation of Pacific Islands Officially Announced

The French occupation of certain coral islands between Indo-China, Borneo and the Philippines has been officially announced in Paris. The total area of the islands is approximately 300 acres; the few inhabitants are mostly Chinese. The isles have been named as under, dates signifying assumption of French sovereignty. Caye and d'Amboise, April 7; Ituaba and Deux Illes April 10; Laito, April 11; Thitu and Spratly, 12.

The Tokyo Foreign Office is investigating through the Japanese Ambassador to Paris the report that the French Government has recently added nine small islands n the South China Sea.

Reform of Subsidiary Coinage Makes Progress

Replying to a telegram from the Greater Shanghai Chamber of Commerce urging the promulgation of regulations restricting the use of depreciated silver subsidiary currency, the Ministry of Finance has announced that fundamental measures for reorganization of the subsidiary currency are under consideration and that, as a temporary relief the smuggling of depreciated subsidiary coins is being partciularly watched. The Provincial and Municipal Authorities have also been requested to prohibit strictly the circulation of depreciated and illegal coins; and to assist those guilty of unauthorized or illicit coinage as provided for in the Criminal Code.

Reconstruction of West Siberian Capital

Novosibirsk, capital of Western Siberia with a population of 300,000, has during recent years, acquired many large industrial enterprises and others, including plants for manufacturing mining and textile equipment and machinery for the wood-working and leather industries, are rapidly nearing completion. A scheme has been elaborated for its reconstruction, the aim being to accomodate not less than 800,000 inhabitants.

Who's Who in China

Soo Chia-yung, geographer and Government official; born at Tengyun, Kwangsi, 1899; was graduated from the Peking Government University, majoring in philosophy, but did considerable research in geography which has become his specialized subject of study; has successively served as secretary of the Peking Government University; secretary of the Peasants' Department of the Central Executive Committee of the Kuomintang; professor of history and geography of the Wuhan National University; secretary to the 8th Nationalist Revolutionary Army; chief secretary to the Headquarters of the Commander-in-Chief of the 15th Route Nationalist Army; now expert member of the Committee for the Study and Revision of Maps and Charts recently organized by the Ministries of Interior, Navy, Education and Foreign Affairs and the Headquarters of the General Staff and the Mongolian-Thibetan Affairs Commission; Director of the Jih-Sin Geographical Institute at Shanghai; author of a treatise on the philosophy of Chwang Tzu and a history of the frontier changes of China since the beginning of Manchu Dynasty (published by the Commercial Press) and of the following maps: "Historical Maps of the Various Dynasties of China," "A Map Showing the Means of Communications in China Owned or Controlled by the Foreign Powers," "A Map of Manchuria," "A Map of China and Japan," and many other maps—(with English translations of the names)—all being published by the Jih-Sin Geographical Institute which maintains regular connection with the leading educational and academic organizations in Europe and America; address: Jih-Sin Geographical Institute, No. 19 Pao Lung Fang, Avenue du Roi Albert, Shanghai.

Soo Chia-yung (Su Chia-yung)
蘇甲榮號演成

蘇甲榮號演存，廣西藤縣人，年三十四歲，現任內政參謀海軍外交教育五部及蒙藏委員會合組之水陸地圖審查委員會專家委員，歷任國立北京大學秘書，國民黨中央執行委員會農民部秘書，國立武漢大學教授，國民革命軍第八軍秘書，第十五路總指揮部秘書長，教育部編審等職，北京大學哲學系畢業，著有莊子哲學，但其平時研究，却集中在地理學，著有中國境界變遷大勢考（清代以來近世的），中國地理沿革圖（即歷代疆域圖），各國在華交通侵略圖，百萬分一東三省全圖，中日兩國形勢圖，及其他各種地圖甚多，現在滬主辦日新輿地學社，該社與歐美學者及學術團體，時有聯絡，所出重要各圖，均爲中英合璧，通訊處：上海亞爾培路寶隆坊十九號

Who's Who in China

(Supplement to the Standard Edition)

There will be published shortly a supplement to the standard book, "Who's Who in China," which will contain some 200 biographical sketches of Chinese men and women who have come into prominence since the Fourth Edition (1931) was issued. It also will contain revisions of some of the sketches which appeared in the Fourth Edition.

For example, the Supplement will contain the pictures and sketches of several leaders who have come into prominence as a result of the Sino-Japanese conflict, such as Generals Tsai Ting-kai, Chiang Kwang-nai and Oung Chao-wan of the 19th Route Army, Chang Chih-chung of the 5th Army; Ma Chan-shan, Su Ping-wen and Li Tu of the Manchurian campaign; Sung Chih-yuan of Chahar, Han Fu-chu of Shantung, Yu Hsueh-chung of Hopei, Chu Ching-lan of the Volunteers, etc., etc., etc.

For those who possess a copy of the last, or Fourth Edition, a copy of the Supplement, is indispensable.

READY FOR DISTRIBUTION AT THE END OF JULY

No office, home, school or public library is complete without **Who's Who in China**, containing the pictures and biographical sketches of most of China's leaders in the fields of politics, business, education and the other professions. In addition to a record of their careers, it also contains their latest addresses, matters of vital importance to those who would keep up with events in China and the Far East.

The prices, including postage, for the Supplement as well as the standard edition are as follows:

	(In China)	(Abroad)
Supplement	$ 2.50	G.$1.00
Standard Fourth Edition (1931)	10.00	4.00
Both books	11.50	4.50

Send orders with check or postal order to the undersigned,

The China Weekly Review

38, Avenue Edward VII

Shanghai.

Men and Events

Sir Miles Lampson, British Minister to China, is spending the week at Weihaiwei.

The new Consul for Panama, Pedro Rodriguez and his family, arrived in Shanghai last week.

R. T. Bryan, Jr., Shanghai Municipal advocate, is spending a short holiday in Japan.

Madame Flora Rosenberg, member of the French bar in Shanghai, departed recently for Paris on a holiday.

Wang Yung-pao, former Chinese Minister to Tokyo, died of heart failure at Peiping July 18 at the age of 57.

Earl Welty, connected with the Honolulu *Star-Bulletin*, and Mrs. Welty arrived in Shanghai last week on a brief visit.

About 300 unemployed Chinese returned last week to Canton from Indo-China due to business depression in that French colony.

Sianfu last week experienced one of the worst heat waves in many years. The mercury July 16 registered 115 degrees in the shade.

More than three hundred unemployed and destitute Chinese now in Japan are to be sent back to China at the expense of the Chinese Government.

Chow Chi-lo, Kiangsu Civil Affairs commissioner, was impeached by the Control Yuan July 24 for the alleged sale of offices.

Twelve Chinese graduates of the Shanghai Dental College were presented diplomas July 18 by Dr. P. Kingman, president of the college.

The Shanghai Municipal Council has refused a request from the Y.W.C.A. for a grant of Tls. 2,500 towards its social service and employment department.

U. S. Secretary of the Navy Swanson will visit the United States' insular possessions during the coming autumn, a recent Washington message stated.

Liu Wei-ming is at present in Nanking, as a delegate from Chinese in Siam, to urge the Chinese Government to conclude a commercial treaty with Siam.

Perry Hutton, formerly a pilot on Marshal Chang Hsueh-liang's private airplane, was a passenger for San Francisco on the Dollar liner *President Hoover* July 22.

An inspection of the art treasures of the Peiping Palace Museum now stored in Shanghai is being made. There are rumors that moths have damaged some of the relics.

The death occurred in Harbin last week of Mme. Marie Lagarde, wife of the councillor of the French Legation in Peiping. She was taken ill while enroute to Europe via Siberia.

An invasion of rats into Southern Anhuei is alarming the peasants, who are giving a theatrical show in honor of the rats in the hope that this may cause the rats to move on to other districts.

The annual meeting of the Assembly of the League of Nations, due to begin early in September has been postponed till the latter part of that month. The Council of the League will meet on September 22.

According to the latest statistics compiled by the Peiping Bureau of Social Affairs, the population of Peiping totals 1,492,122, of whom 921,469 are males and the remainder females.

Dr. Mary Stone, director of the Bethel Hospital, has been invited to serve on the Shanghai Municipal Health Committee, in place of Dr. T. N. Kwong, who has declined the position.

Large numbers of pirates are stated to be looting passing vessels on the Chekiang coast. The Chinese naval authorities have despatched three gunboats to Chekiang waters to protect shipping.

M. Satoh, public relations secretary for the South Manchuria Railway in Dairen arrived in Shanghai during the week from that port to visit his wife and child who were suddenly taken ill with enteric fever.

The Hon. Alexander Montagu George Cadogan is being mentioned as a possible successor to Sir Miles Lampson as British Minister to China in December. Mr. Cadogan is a brother of the present Earl Cadogan.

Ross Fred Terrell, described by the police as an unemployed American, formerly connected with the U. S. Marines at Tientsin living at 61 Hwa Kee Avenue, Bubbling Well Road, was brought before the First Special District Court in Shanghai July 21 on an application for his temporary detention on the complaint of a Chinese girl, Miss Ellen Chen, who stated that he had been forcing his attentions upon her.

Japanese Consul Sadao Iguchi at Shanghai has been transferred to New York, while Tatsuo Kawai has been appointed the First Secretary to the Legation in China. Mr. Kawai will be stationed in Shanghai.

The students of various local schools have organized a reception committee for the purpose of welcoming the delegates to the forthcoming World's Anti-War Conference, which will be held in Shanghai some time in September.

Under the auspices of the various public bodies in Shanghai, a charity ball was given July 24 and 25 for the benefit of the soldiers who were injured during the recent fighting in North China.

The German cruiser *Koeln* visited Tsingtao July 21. The *Koeln* is die in Shanghai August 2 for a 12-day visit. The German community is making preparations for an elaborate welcome to Captain Schniewind and crew.

The Peiping authorities recently received a telegram from Marshal Chang Hsueh-liang stating that he is returning to China this autumn. Marshal Chang visited the French military aviation centres at Le Bourget and Villacoublay during the week.

The general committee of the British Residents' Association has accepted the resignation from the chairmanship of H. G. W. Woodhead, who is proceeding to Banff as a delegate. H. E. Arnhold was elected his successor as chairman.

Dr. C. T. Wang, former Minister of Foreign Affairs, arrived in Peiping, July 19 from Tsingtao. He is investigating the trouble between the students and the dean of the college over the appointment of a new principal of the middle school of Chung Kung college.

The Japanese state that a portion of the Soviet employes of the C.E.R. is secretly furthering plans to oppose the transfer of the line to Manchukuo. (This is quite understandable as a transfer will mean in all probability that they will lose their jobs.)

The Government of Siam has banned the "San Min Chu I," ("Three People's Principles,") by Dr. Sun Yat Sen. Hundreds of copies of the book in Chinese and Siamese were seized by the Bangkok Police authorities July 21.

Announcement was made in Nanking, July 23, that the competitive examinations for the selection of 20 candidates to be sent to Britain for post-graduate study on scholarships to be awarded from the British Boxer Indemnity Refund, will be held on August 20 to 24.

Tseng Wan-kuei has been granted exclusive rights by the Ministry of Industry for a period of five years for the a new beverage, stated to be more healthful than coffee; it is made from a mixture of ingredients, chiefly wheat, but also including pine seeds, walnuts, etc.

David Wosk and Jack White, members of the faculty of San Diego State College, San Diego, Cal., were in Shanghai last week on a trip through the Orient. After a visit to Manila and south China they will return here for several days and then proceed to north China and Japan.

The Central Political Council has approved of the grant of a twenty years' franchise to a British firm (the Eastern Iron Works) for the supply of water in the First Special District in Tientsin. It is estimated that the establishment of the waterworks will cost $350,000.

The Press Committee of the Kiangsu Provincial Party Headquarters at a meeting held in Chinkiang July 23 decided to petition Central Party Headquarters to arrange for the establishment of additional schools of journalism in various national and private universities.

The post of Garrison Commander of Shanghai and Woosung is to be formally abolished after the transfer of General Tai Chi to his new office in Fukien. General Tai is now at Kuling attending the conference there, but is expected to return to Shanghai to attend to the winding up of his office.

Dr. W. J. Isenman, senior member of the American dental firm of Isenman, Smith and Woods, has departed for his home in the United States on vacation. During his absence from Shanghai, Dr. W. Rector Smith and Dr. V. Parks Woods will be in charge. The firm is located in the *North-China Daily News* building.

A representative of the Compagnie Generale de Chemins de Fer en Chine visited Ku Meng-yu, the Minister of Railways, in Nanking July 20 and called his attention to the Belgian interests in the Lunghai Railway. Mr. Ku replied that the completion of the Lunghai Railway with the £500,000 loan from the Sino-British Boxer Fund committee, would not affect the Railway's plan to liquidate past indebtedness.

The National Child Welfare Association reports that the charity ball which took place on May 25 in Shanghai brought in total receipts of $18,157,59, out of which net proceeds of $16,529.30 resulted. The statement of accounts was prepared by Geo. A. Fitch and was audited by K. H. Lin and S. U. Zau.

Miss Eleanor Goodnough, newspaper woman well known in Shanghai as Peggy Hull, was married on June 17 to Harvey Deuell in New York. Mr. and Mrs. Deuell will reside at Saxton Hall, Cornwall-on-Hudson, N. Y. Miss Hull covered the Sino-Japanese hostilities at Shanghai last year for the *New York Daily News*.

Thirteen Chinese were arrested in Hankow Road, Shanghai, end of last week on suspicion of being concerm-in frands on the Maritime Customs during the past two years. By means of false duplicate forms the rates of duty payable were altered. The frauds involved sums running into six figures.

The formal inauguration of the Nanking-Pukow train ferry, originally scheduled for October 10, National Independence Day, is to take place at an earlier date, according to Tseng Chung-ming, Vice-Minister of Railways. The change is made possible by the speed of the construction work, he said. It is expected that the ferry system will be ready by the end of this month.

In the year 1932-33 there was an increase of Chinese students in Japan to 230, as compared with 130 in the previous year, according to statistics issued by the World's Chinese Students' Federation, 191 Carter road, Shanghai, Students to U.S.A. declined to 80 from 148 the previous year. Those to England increased to 50 from 28 the previous year. There are 548 Chinese students abroad.

A strike which was declared July 22 by about 5,000 employes of the Yu Yuan Cotton Mill Company, a joint Chino-Japanese enterprise in Tientsin, came to an end two days later as a result of action by General Yu Hsueh-chung, chairman of the Hopei Provincial Government. Seventy mill-hands who were believed to have been instigating the employes, were arrested.

Ignatius T. Trebitsch-Lincoln, born a Jew, who in recent years created international interest by embracing several different religions—was due to arrive in Shanghai July 26 aboard the s.s. *Triton*, together with a group of European Buddhists, including Belgians, French and Italians. Another group of 10 Buddhists is scheduled to arrive here on the s.s. *Formosa* July 29.

The result of the conference in Peiping of bishops of China under the presidency of Bishop F. L. Norris, Chaplain to the British Legation, was announced July 22, when Bishop H. W. K. Mowll, of Western China, said he had accepted the archbishopric of Sydney, Australia. Bishop Mowll has in the meantime returned to Chengtu, Szechuen, to wind up the affairs of his diocese before leaving for Australia.

The death occurred in Vancouver, B. C. last week of James W. Davidson, who several years ago visited Shanghai as a high commissioner for Rotary International. He was then completing a two years tour in the interest of the establishment of Rotary Clubs, principally in the Near and Far East. Mr. Davidson was in charge of the U.S. Consulate-General here at Shanghai during the first half of the year 1905. In recent years Mr. Davidson had beome a naturalized Canadian.

Japanese Consul Teraski in a recent interview stated that in special cases concerning persons of third countries who were victims of the Japanese onslaught on Shanghai over a year ago, the Japanese Government is prepared to exercise favorable consideration as far as possible and to bestow, exgratia and as an exceptional measure, such an amount of money as it may consider suitable, with a view to alleviating, if only in some degree, the damage sustained.

Four men suspected of responsibility for the murder of Ma Chao-wu, Central Government agent attached to the Bureau of Public Safety of Greater Shanghai, were arrested by the Nantao Chinese authorities recently. The men, Ma's former subordinates gave their names as Yang Ya-fu, Li Siao-wutsze, Tcheng Ming and Shen Pa-chung, They were turned over to the Nanking authorities with the exception of the last mentioned Shen, who was arrested by officers attached to the Bubbling Well Station and handed over to the Chinese authorities by the Second Branch of the Kiangsu Higher Court on application for extradition by the Bureau of Public Safety of Greater Shanghai.

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CUSTOMS NOTIFICATION NO. 1309

The public is hereby notified that, in accordance with Government instructions, the collection of the 5% revenue surtax at present in force will be continued until the 31st July, 1934.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 22nd July, 1933.

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New Books of Interest in the Far East

When Foreign Jurisdiction Ends

Le Droit Chinois Moderne. Published by Hautes Etudes, Tientsin, and Universite L'Aurore, Shanghai, 1929-1933.

Though for the time being all talk of the unconditional abolition of extraterritoriality has ceased, yet there will come a day when all foreigners in China will find themselves amenable to Chinese jurisdiction. How soon this will occur cannot even be answered speculatively.

No matter in what country in the world a person, who finds himself before a foreign court, whether as plaintiff or defendant, experiences numerous difficulties: a strange language is used; strange laws, whose existence he might even have never suspected, or at least never interested himself, are argued about; the hearing is carried on under rules of a strange procedure. Such is the situation which confronts the citizen of one state appearing before the courts of another. Yet in Europe or other western countries there might be ways of getting out of this perplexing situation, but in China a foreigner before a Chinese judge finds himself in a still more difficult position. The language is the greatest stumbling block to so many foreigners who come to the Far East. Many old residents have long ago given up all attempts to learn the language.

Foreseeing these difficulties with the Chinese tongue and especially with understanding and knowing the laws written in such a language, the publication of the present series of books, Le Droit Chinois Moderne, was undertaken by Père Théry, S. J., professor at Hautes Etudes, Tientsin. However, not all of the 17 books published to date deal with Chinese law. There are several which relate to the fields of economics, history, etc.

Those dealing with private law are exclusively the translation of Père Théry. The law series includes commercial law, civil law (Books IV and V), civil procedure, land law and law of the judiciary. All of these translations are in French. The Chinese text for convenience of reference is printed on the opposite page of the book. Other authors of the books of the series are J. R. Baylin (economics) and Robert Jobez of the French Police, Tientsin (organic law).

Of course, while these translation will not be of great use to the average foreigner, who not only does not know his own laws, but would take still less interest in those of another country, this series on Chinese law might prove of great interest and importance to those foreign legal practitioners, who appear in Chinese courts, and who already have a certain superficial knowledge of Chinese, these books will serve as an additional reference and very often elucidate the meaning of the Chinese text, which may otherwise be difficult of understanding.

N. SHOOLINGIN.

The Interests of Chinese Students

Interests of Chinese Students, by James B. Webster, B.D., Ph.D., University of Shanghai, Shanghai, China.

In reviewing an educational work of this kind one must take into account the purpose of the study, the methods used in carrying it out, the form in which it is written up, and the conclusions reached. If the first is worthwhile, the second according to what is considered the most scientific procedure of our day, the third clear, and the last sufficiently complete and logical, we can have no fault to find. Probably everyone who is interested in the education of Chinese boys and girls and who, at the same time, knows something of modern education, will be glad that Shanghai University has published this study made by the late Dr. James B. Webster. It calls attention to the need for discovering as much as possible of the mental set and content of the Chinese student and gives us a first attempt to do this very thing.

On page iii of the Introduction we read: "The purpose of the study was to secure statements from students on a number of vital topics that would reveal their most important interests, activities and mental attitudes, and to suggest the corresponding needs." Any educator worthy of the name is most eager to get this background knowledge of his pupils. The purpose, then, is very well worth while.

A carefully thought out questionnaire was sent to schools of different grades and classifications, both government and mission, in a number of different localities. The total number of students examined was eight thousand and the number of records chosen for study was over five thousand. The boys and girls were told that they need not sign their names but were urged to answer to the best of their ability as their papers would be used to advance the cause of education in China. In the questions asked, in the number and scattering of the students, and in the motivation we have an excellent attempt to open up the field in as scientific a manner as possible. This is all that Dr. Webster claims to have done, for on page iv of the Introduction he says: "The survey is a pioneer work, has employed pioneer methods, and does not claim to be complete or final."

The study has been written up in a form that is clear and easy to follow. The Table of Contents is very complete, giving a summary of each chapter under its heading. There are many carefully drawn up and suggestive tables. Each chapter treats of one question only —the numerical results of the questions are given, attention is called to the directions in which these answers seem to point, and usually some educational suggestion is added. The final chapter, however, "Summary and Conclusions," would seem to be too much "summary" and too little "conclusions." Dr. Webster says on page 153: "No final conclusions are to be drawn from this study. The results report the answers of a fairly representative group of Chinese students. Our general knowledge of their interests and activities is made more definite at a number of points." But we should like to have in this final chapter some suggestions as to what interpretation to put on these interests and activities, and as to what educational procedure or curricula might be used to encourage or to check them.

This study, then, is very suggestive, may prove helpful, but leaves one with a feeling of incompleteness. We need a further interpretation of the data given here, an attempt at drawing up a list of definite aims for Chinese education, and a comparison of what the students are found to have with what we think they should have. If Dr. Webster's work will inspire someone to continue along the same line, adding interpretations and practical suggestions, his survey will not have been made in vain.

M. L.

St. John's University Shanghai, June 24, 1933.

Two Interesting Books on English

How to Say It—Correctly. By W. L. Mason. A. L. Burt Company, New York and Chicago. 1932.

How to Use English. A Guide to Correct Speech and Writing. By Frank H. Vizetelly, Litt. D., LL. D. Funk & Wagnalls Company, New York and London. 1933.

These two recent books on the use of English are both useful and interesting, though in somewhat different ways. Mr. Mason's book deals with various incorrect uses of words, as well as with errors in grammar, pronunciation, etc., but maintains interest throughout both by intelligent suggestions for "word games" which may be both entertaining and educative, but also by a great number of amusing ambiguities and errors due to mistaken or careless use of words. A few examples of these may be quoted, the first a church notice:

> "The ladies of this church have cast off clothing of all kinds. They may be seen in the basement of the church any afternoon."
>
> "The play of 'Jean Val Jean and the Bishop' was taken from the book 'He's Miserable,' by Victor Hugo."
>
> "Aunt Mary is asking about your health. She seems to be very salacious concerning you."
>
> "'I'm for Michaels and Helton,' said a voter. 'I'm for Hall,' said a second. 'Well,' said a third, 'you two can be for whoever you like, but as for me, I'm putrid.'"
>
> "The Acropolis was the she-wolf that nursed Romeo and Juliet."
>
> "When the British got up in the morning, and saw the American army on the opposite hill, they threw up their breakfast."

The author includes many more of these, and suggests a game consisting of substituting the correct word or form for the incorrect. By their use he not only makes his book amusing, but also calls sharply to the attention of the reader the absurd results of carelessness in word usage. At the end of the book is an index, covering the words and the subjects dealt with in the text.

Vizetelly's book is for a somewhat different audience. This work, says the author, "provides information on the use of English for such persons as need more frequently to be reminded of than to be corrected for their lapses in the use of English." Where Mr. Mason is the dogmatic teacher and grammarian, absolute in his statements and brooking no contradiction, Dr. Vizitelly is the kindly philosopher and guide, pointing out that "no grammarian has the right to declare himself authority for what he teaches, as language is the property of the people who use it, and must be protected from personal idiosynerasies, particularly such as result from erroneous definitions, faulty classifications, and arbitrary rules." To this scholarly writer, "Grammar is an analytic science based on the authority of reputable use, and such custom as is established by men in the exercise of common sense. In view of the fact that children learn to speak years before they are taught the rules of grammar, it is the writer's belief that the grammarian's duty is to explain what has been said rather than tell how one should say it....People spoke and understood each other centuries before the first grammar saw the light of day."

Characteristic of the different approach of the two writers is their treatment of the contraction "ain't," which survives quite regardless of the attacks of the professional grammarians. Vizitelly is non-committal, simply noting that "both of the forms *ain't* and *an't*, though stamped as vulgarisms, have been used for many decades." Some scholars have pointed out that the denunciation of the contraction "ain't" by grammarians has led to the increasing use of the utterly atrocious "Aren't I" which barbarous Briticism is even gaining some vogue in the United States, though in England. Vizitelly notes, "the national difficulty of pronouncing the letter *r*" results in "an't" and "aren't" being pronounced similarly as "ahnt," which is perhaps a little excuse for the English inferring that "*aren't* is the proper way of writing the contraction of *am not*." There is no such excuse in the United States, where "an't" is not in use, "ain't" being the only contraction of "am not," so that "Aren't I" is a barbarism of the worst kind, the practical alternative to which is "Ain't I" But the grammarians refuse to accept defeat, and continue to center their attacks on "ain't" regardless of their continued failure to eliminate the word from common usage, except insofar as they induce speakers to turn to a totally incorrect expression.

In this connection, whereas Vizitelly notes "ain't" as a long-used contraction of "am not," Mason asserts that "Ain't is not in any sense a contraction," and furthermore declares that "custom and usage" tabu this word. Here is flat contradiction between the two writers, but there is no doubt that Vizitelly is correct on both points. There are other words, also, showing the difference of approach.

To the educated person really interested in the English language, Vizitelly's book is a genuine delight, with its many interesting expositions of the derivations, changing uses, and specific meanings of words. It is arranged alphabetically, and deals with some two or three thousands words and subjects. H. H.

1933 Shanghai Directory Now on Sale

The Shanghai Directory 1933, which is the July edition of the China Hong List, published by the North China Daily News & Herald, Ltd., Shanghai, has made its appearance in its usual red binding. First of all are listed alphabetically all foreign firms and the more prominent Chinese firms together with addresses, list of employees, and the principal agencies. Residents are listed alphabetically with addresses, and under "Who's Who" residents are listed alphabetically with their business connections. There is also a street directory, once more listing residents according to streets and numbers. A useful section is that giving the names of agents for all well known products. The price of the Directory is $6—with map, $7.

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1933

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Price $20 net, China postage 50 cents.

North-China Daily News Office

Cantonese Commander Rewards Mutineers with $150,000

The officers and men of the three cruisers *Haichi*, *Haishen* and *Shaoho*, which proceeded to Canton after a mutiny against Admiral Shen Hung-lieh at Tsingtao, will be given a special grant of $150,000 by General Chen Chi-tang, the Cantonese commander, a recent *Reuter* message stated.

It is understood that Admiral Shen Hung-lieh, Mayor of Tsingtao and commander-in-chief of the north-eastern squadron, has at last agreed to return to the Shantung resort to resume his duties there. This is in response to urgent telegrams from General Chiang Kai-shek and Wang Ching-wei, president of the Executive Yuan, as well as to the strong representations made by his supporters.

Admiral Shen Hung-lieh at first turned a deaf ear to all pleas that he return to Tsingtao and continue to act as Mayor of that city. Admiral Shen is commander-in-chief of the north-eastern squadron, from which several warships defected recently following the execution of a naval lieutenant who, it is alleged, plotted to assassinate him.

The *Central Press* says that Admiral Chen Shao-kuan, once suggested to General Chiang Kai-shek, to take over the eight warships under the command of Vice Admiral Shen Hung-lieh at Tsingtao. Admiral Chen thereupon urged that Shen Hung-lieh is merely a "land admiral" who knows little about naval affairs or navigation and is incidentally a professional grafter. His eight ships required a monthly expenditure of $380,000, while the 50 ships under the Ministry of Navy need only $370,000 a month for upkeep.

Three Runaway Naval Vessels Encounter Storm

The mystery which had previously shrouded the second group of mutinous Northeast warships was dissipated July 20 by a radiogram received from the *Yunghsiang*, one of the three runaway ships, which gave the location of the ship as a small island near Keelung Island southeast of Foochow.

The delay in the arrival of the vessel at Canton, according to the radiogram, was due to the strong wind and unfavorable weather encountered on their way. The radiogram concluded by saying that the vessel will continue its journey to Canton as soon as enough fuel has been obtained.

The *Yunghsiang* steamed out of Taku with two other ships a short time ago. They were later reported to be on their way to Canton to join the *Haichi* and the two other Northeast warships which previously left Tsingtao.

An Agreement Reached on Naval Procedure

The Ministry of the Navy and the Peiping Branch of the Military Affairs Commission have agreed that the power of appointing and dismissing the naval officers above the rank of Rear-Admiral and the captains of the gunboats and warships of the Squadron shall be vested in the Ministry of Navy while routine affairs of the Squadron and control of the marines will be in charge of the Peiping Branch of the Military Affairs Commission.

In conformity with this decision, the Ministry of the Navy has ordered the gunboats *Haiku*, *Haiou* and *Yi Sung* to proceed to the coast of Chekiang for patrol duties and to guard against pirate activities in co-operation with the water police.

Gandhi Rallies Students to His Support

A Poona message dated July 21 stated that a secret plan for civil disobedience is being prepared by Mahatma Gandhi at Ahmedabad. The object of the Indian Nationalist leader's visit to his Ashram training college it is stated, is to rally 200 students to support his plan. Gandhi is demanding celibacy and the undertaking to work actively amongst the untouchables.

Chinese Arrested in Terrorist Plot in India

Calcutta police July 23 seized five heavy caliber pistols and 400 cartridges, destined for terrorist headquarters, allegedly by the agency of three Chinese sailors, who were arrested. The *United* Press says that it is expected that they will throw new and unsuspected light upon the revolutionary movement in India.

A Wild Story that Caused a Protest

A protest has been made by the Shanghai Chinese City of Greater Shanghai to the Foreign Municipality against the publication by the *Shanghai Evening Post* last week of a so-called mysterious document marking fifty-five Chinese leaders on the death list for assassination by "Fascists."

The story was derived from the *China Forum* and the *Central Press*. The former is an organ of Communists, which has been under ban; while the latter is an official organ of the Cantonese faction.

In view of current reports concerning proposed assassinations by the so-called "Blue Gown Society," the South-west Political Council held a meeting at Canton July 21 to discuss measures for preventing the activities of the said society in Canton. The question of what attitude Canton should adopt towards the 5th National Kuomintang Congress convened by Nanking was also discussed. The results of the discussions were, however, not divulged.

America Experiences a Wave of Stock Selling

Heavy selling orders on the New York Stock Exchange and the Chicago Board of Trade latter part of last week resulted in heavy drops in stocks and commodities, including silver and wheat.

Stocks were swept overboard in a deluge of selling in New York, July 19, of brewery and distillery issues, which had recently been very buoyant. The day's total turnover was 7,463,000 shares, the largest since May, 1930. The break is ascribed primarily to reports that the leading bankers are considering taking action to restrict loans to the speculative markets and, secondly, to the action of stock brokers in raising their requirements for margins from clients from an average of 25 to 60 per cent.

The Chicago Board of Trade has suspended trading in grains and provision futures. Kansas City followed suit.

President Roosevelt has entrusted to Assistant Secretary of State Moley the conduct of negotiations with Soviet Russia looking toward eventual recognition by the U. S. A.

The Soviet Government, Poland and Germany have abandoned the American dollar as the unit for Customs calculations.

Britain Moves to Protect Its People from America's Repudiation

A sequel to the United States of America going off the gold standard has been an offer made by the British Treasury to exchange $136,000,000 of twenty-year 5-½ per cent gold bonds outstanding from the loan of $250,000,000 raised by the British Government in the United States in January, 1917, on a basis of £260 2-½ per cent bonds, repayable in London on February 1, 1937, for every $1,000 gold bonds. If the offer should be fully accepted, the result would be an increase in the principal of the loan from £28,000,000 to £35,000,000 but it would reduce the interest from £1,540,000 a year to £886,000 a year. The British government is thus trying to protect its own people from the effects of America failing to meet its gold obligations.

A nationwide attack on unemployment was lodged by President Roosevelt in the course of a broadcast address July 23. He said the Government would distribute badges of honor to all employers who agreed to abide by a voluntary blanket code in order to shame slackers, while a roll of honor would be kept in the Post Office of every town.

Japanese Watch Chinese Railway Activities in Fukien

An official despatch to the Tokyo Foreign Office July 25 from Amoy stated that the proposed plan for the construction of Changchow-Lungyen Railway and also an airdrome are making favorable progress. A preparatory committee's meeting was held on July 15, when the promoters decided, among others, upon regulations governing the raising of capital fund by public subscription. Li Ching-chuan, a member of the preparatory committee and simultaneously a member of the railway construction commission, left there on July 17 for Manila reportedly for the purpose of consulting about an American loan for the fund of railway construction. *Rengo* says Japanese official circles take keen interest in these proposed constructional activities by Fukien authorities with the aid of foreign investors.

This Refers to Hongkong---Couldn't Happen in Shanghai?

(The following paragraph is reproduced from the July 15 issue of "The Critic" a magazine published in Hongkong by Major L. Cassel, O. B. E., former D. A. A. and Q. M. G. of the China Command, British Forces).

When Britain came to Hong Kong it found an ancient institution called "squeeze". That was ninety years ago and "squeeze" is still "oiling" the wheels of local industry. It is particularly prominent in the building trade. For instance:—Wong Yuen has built a block of flats. His contractor engages to have the building completed by a certain date. On that date Wang Yuen pays a visit to the building and finds everything in order—gaspipes joined up, water system ready for use, electric wiring complete. Wang Yuen congratulate the contractor on finishing the job on time and mentally calculates the rents he will collect during the next month. But there's trouble ahead for Wang. He gets in touch with the government authorities and asks that the building be inspected and passed as ready for occupation. The building is inspected. A report is sent in to the P. W. D. This report is referred from A department to B department to C department and everywhere it goes it is thoroughly checked up and "O.K'd." In a month's time Wang gets anxious—thinks there is something wrong with the building—so he goes to the P. W. D. and inquires. He is told that the matter is being attended to and that he should hear from them in a few days. Wang waits for a few days, mournfully calculating how much rent he has lost by the delay. In desperation, after a few weeks have passed with no sign of the building being available for occupation, Wang goes to his contractor and tells him the melancholy tale.

"How much rent are you losing a month by the delay?" he is asked.

"About $100" he replies sadly.

"Would it be worth, say $300 to have the place available immediately?"

"Sure!."

The next day Wang receives a nicely typed official intimation that Building No.....has been inspected and passed for occupation. Wang rejoices. The same day same one pays $300 deposit on a Morris Minor. The way of the transgressor is pneumatic-tyred.

Joint Control of Factories Agreed Upon

The draft agreement reached between O. K. Yui of the Municipal Government of Greater Shanghai and Sterling Fessenden of the Shanghai Municipal Council, respectively, regarding the control of factories in the International settlement provides for a Joint Inspection Bureau to be for the inspection of factories in the Shanghai foreign settlement. The Bureau shall have seven members, four appointed by the Chinese municipal authorities and three by the Shanghai Municipal Council; the members of the Joint Inspection Bureau shall act under the orders of the Executive Secretaries of the two municipal organizations concerned; the expenditure of the Bureau and the salaries of the members of the Bureau shall be borne equally by the Chinese Government and the Shanghai Municipal Government of the International Settlement in Shanghai; the Chinese Factory Law shall be applied in the Settlement in the same manner as it is applied in other Chinese cities.

Catholic Church and Kiangsu Kuomintang Clash on Land Ownership

Reports reached Nanking last week that the Catholic church in Funghsien, North Kiangsu, has come into conflict with the Kuomintang and public bodies there over the acquisition of land. The church is accused of having "forcibly acquired" a piece of land some months ago. Public bodies in Funghsien have since been demanding that the church surrender the land, and agitation seems to have recently increased in vigor as the church leaders had walls built around the lot in dispute. In telegrams addressed to the Kiangsu Provincial Government the Kuomintang asked that the National Government be petitioned to intervene in the dispute and to declare null and void the title deeds now held by the church.

CUSTOMS NOTIFICATION NO. 1310

The public is hereby notified that, in accordance with Government instructions, pure linens for which satisfactory proof can be produced at the time of importation that they are to be used solely for embroidering and for similar hand manufacture may be passed according to No. 104 of the Provisional Revised Import Tariff of 1933, paying 7½% *ad valorem* duty, instead of No. 105, paying 25% *ad valorem* duty.

The execution, at the time of each importation, by the importer of a bond according to the appended *pro forma* will be regarded as adequate and satisfactory proof that such linens will be used solely for embroidery purposes.

H. O. Tong,
Superintendent of Customs.

A. C. E. Braud,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 24th July, 1933.

BOND TO BE EXECUTED BY IMPORTERS OF LINEN FOR EMBROIDERING.

The Bond of ....., Importers of Linen to be used solely for embroidering, carrying on business at ...., entered into with the Commissioner of Customs at ....., acting on behalf of the Chinese Government.

The above-named ....., Importers of Linen to be used solely for embroidering, on condition that they be granted the privilege of paying Import Duty at the rate of 7½ per cent. *ad valorem* on such Linen, do hereby agree and bind themselves—

(1) To use solely for embroidering purposes all Linen imported by them at this privileged rate;

(2) To keep clear records of all such importations and of their subsequent disposal, such records to be open at all times to Customs inspection;

(3) To afford the Customs all necessary facilities for inspecting at any time Linens imported at the above privileged rate, either in stock at their godowns or in process of being embroidered, either at their own workshops or elsewhere; and

(4) To pay a fine of five times the Duty evaded in any case where it is proved that Linen imported under bond for embroidering has been used, or disposed of, for any other purpose.

In witness whereof the said Importers of Linen for embroidering have hereunto attached their signatures in the presence of ..... this .....day of ..... in the year one thousand nine hundred and .....

.....

.....

.....

China's Industrial Development---Its Problems and Prospects

BY C. L. NIEH

Editor's Note—This article—which is being printed in installments—dealing with China's Industrial Development is reproduced from a pamphlet intended for presentation at the Fifth Biennial Conference of the Institute of Pacific Relations, scheduled to be held at Banff, Canada, August 14.

(Continued from last week)

SO far as capitalization goes, about forty percent of Chinese coal mines are under foreign control, notably Japanese and British.[50] North China is rich in coking coals; besides local uses, coking coal and coke are exported in increasing amounts to Japan for metallurgical purposes. In the interior provinces coal is extensively worked for local consumption. But owing to the lack of communication it cannot be transported to any great distance from the centres of production.[51] Thus, the increasing demand for this mineral in the different industrial centres of China, coupled with the above two features,—namely, export to Japan and lack of interior communication—resulted in the importation of coal amounting to roughly 11.1 million Customs gold units[52] in 1932. The import of gasoline and kerosene oil is in still more enormous amounts, reaching 170,034,000 gallons in 1932, against 200,895,000 gallons in 1931.[53] Fuel oil import was estimated at 235,000 tons in 1932, compared with 227,000 tons in the year previous.

That iron, steel and coal are essential to any modern country for the purpose of national existence, self-defence and development is obvious. Iron and coal, constituting the raw materials either for machinery or for generating powers, are therefore being regarded as the basic industries in a country. Furthermore, iron and steel, which together form the major heavy industry in any country, are not only an industry by themselves, but also constitute an indispensible factor in building other industries. It is estimated that every American has the equivalent of about thirty mechanical slaves as a resultant of the very advanced scientific and industrial state of his society. China has probably less than one mechanical slave for each of its population. Its per capita consumption of iron and steel is estimated to be less than 1/180 of that of the United States.[54] It is therefore imperative that China should with all her effort and intent develop her iron and steel industry in order that she will be able to manufacture her own machinery and power apparatus in the future, otherwise her industrialization will be constantly on an unstable and uncertain foundation, as far as the supply of the latter is concerned.

It is known that a great many machinery factories of all sizes have been established in all the industrial centres in China and are enjoying quite a prosperous business. Generally, they are able to make quite a variety of textile, flour, tobacco and other machinery, of which the designs of foreign makers are within their ability or capability to copy or to make some improvements on.

China will probably develop an iron and steel industry of her own, but it may not suffice for her industrial future. Of course she will make for herself much of the hardware and small machinery suited for the small user of cheap products. But the lack of technical knowledge and large capital will prevent this industry from progressing to any appreciable extent. "Iron goes to coal" is an old axiom. Countries like Sweden, Brazil, Cuba and New-foundland, although rich in iron ores, cannot develop their iron and steel industry because coal is lacking. France having acquired Lorraine now leads Europe in the output of iron but has to send her ores to Germany to be smelted.[55] China, however, presents a different picture. Her known coal reserve, though in a sense limited, is considered to be ample enough to smelt all of her known iron ore reserve, which, while leading the countries of the West Coast of the Pacific Ocean,[56] is again considered to be sufficient to meet the present demand. With these two natural governing factors—ore supply and coal supply—favorable, the iron and steel industry of China not only needs immediate development, but has a promising future, provided, of course, financial and political conditions are normal. However, whether the bulk of these resources will ever be utilized for the benefit of China seems questionable, inasmuch as the Japanese interest in China's iron and coal is exceedingly great,[57] as I have already mentioned in the foregoing paragraphs. This will be a grave problem for both the Government and the people to solve as far as her industrial future is concerned.

Regarding the mineral resources for generating power, China's deficiency in the petroleum reserve perhaps may be compensated in some measure by her abundance of coal supply and hydro-electric power potentialities. Of the 20 million horse-power of the latter potential supply, which ranks fourth in the world's total, China has developed only about a thousand horse-power, which is merely 0.005 percent.[58] Will China be so clever as to increase the utilization of this potential supply for her industrial purposes?

4. Capital and Finance

According to the latest list compiled in 1932 by the Chinese Cotton Mill Owners' Association there were 128 cotton mills in China, among which three have suspended work and another one has not yet started operation. After careful revision of the list, the capital and reserve for 122 mills is found to be $528,978,017.[59] The spindles for these 122 mills amount to 4,675,176, and looms 40,743, and following the usual conservative estimate of representing 12 spindles for one loom, amounts to 488,916 spindles, thus making a grand total of 5,164,092 spindles.[60]

We are all aware of the fact that the cotton industry is by far the foremost and largest factory industry in China to-day. That this is a large-scale industry can be further evinced by the fact that, from the above statistics, it requires on the average a capital and reserve of $4,335,885.40 per mill, takng for granted, however, that a mill may refer to a plant or to several plants owned by the said mill or company. In other words, to be more specific, it may be said that the average capitalization of this industry amounts to $102.43 per spindle.

A comparsion of the following table will show that in respect of capitalization, Chinese mills were not so well-equipped as their British and Japanese competitors.

TABLE IV. CAPITALIZATION OF 122 COTTON MILLS IN CHINA, 1932

Nationality	*No. of Mills*	*Total capital and reserve*	*Average capitalization: Per mill*	*Per spindle*
Chinese	78	$143,279,083.30	$1,836,911.30	$52.56
British	3	14,162,300.00	4,720,766.70	69.80
Japanese	41	371,536,633.70	9,061,869.10	166.23
Total	122	$528,978,017.00	$4,335,885.40	$102.43

50 *Chinese Economic Journal*, Vol. II, No. 1, p. 22.

51 Wong, W. H.: "Mines and Minerals," in the *China Year Book*, 1932, p. 181.

52 One Customs gold unit equals U.S. $0.40.

53 Customs Statistics Showing Imports of Gasoline and Kerosene Oil (in thousand gallons)

	Gasoline	*Kerosene*	*Total*
1931	29,755	171,140	200,895
1932	24,115	145,919	170,034

54 Arnold: *China Through the American Window*, p. 21.

55 Hsueh, K. L.: "The Iron and Steel Industry In China," in *Chinese Economic Journal*, Vol. II, No. 1, p. 7.

56 *Ibid*: Known Actual And Potential Iron Ore Reserves On The West Coast of The Pacific Ocean:

China	950
Netherlands East Indies	800
Australia and New Zealand	345
Philippine Islands	200
Japan and Korea	80
Malay Peninsula and British Borneo	25
Russian Far East	6
French Indo-China	Moderate
Siam	"

57 *Ibid*. p. 10.

58 "Utilization of Hydro Power in the World of To-day," in the *Shun Pao Monthly*, Vol. 2, No. 1, pp. 107-16. (in Chinese)

59 The total capital and reserve of the 78 Chinese-owned mills amounts to $98,665,006 and Tls. 31,502,000, making an aggregate of $143,279,083.3; that of the 3 British-owned mills amounts to Tls. 10,000,000, or $14,162,300; while that of the 41 Japanese-owned mills amounts to Tls. 36,602,000 and Yen 243,117,706, making an aggregate of $371,536,633.7. Therefore, the total sum of of these 122 mills amounts to $528,978,017. It should be noted, however, that the exchange rate is fixed at Tls. 70.61 to $100, and Tls. 92.85 to Yen 100, or in other words $131.5 to Yen 100; being the average rate for 1932. (Ref. Kann: *China in* 1932, p. 12.)

60 The 78 Chinese mills owned 2,501,178 spindles, both yarn and thread, and 18,746 looms. The 3 British mills owned 170,610 looms. Following the customary conservative estimate of representing 12 spindles for a loom, the total spindleage will be 2,726,130 for Chinese mills, 202,902 for British mills, and 2,235,060 for Japanese mills, constituting a total sum of 5,164,092 spindles.

The above table shows that in regard to average capitalization per mill British mills are a little over 2½ times stronger, so to speak, than the Chinese mills; while the Japanese are almost 5 times stronger than the latter and about 2 times as strong as the former. With respect to average capitalization per spindle, if we make the Chinese mills stand as 100%, the British become 132.8, and the Japanese 316.3, being 3 times as strong as the Chinese and almost 2½ times as strong as the British mills. Three things should be noted, however, in connection with these studies. First of all, among the 78 Chinese mills one or two are considered to embody some foreign interests too, and are thus financially partly foreign. Secondly, it is known for some technical reasons, among them the business tax being the principal one, that quite a number of the Chinese mills which are situated in the interior are prone to minimize their amount of capital, at least in the books. Thirdly, some of the Japanese mills have their capital authorized in Japan, i.e., in conjunction with their sister mills at home, thus rendering their capitalization in China seemingly exaggerated. I purposely bring these points forth to avoid some technical misunderstanding that may arise from the above figures. Nevertheless, since there seems no way to make rectifications possible, we can only let them stand as they are, and content ourselves that they do not materially affect our general conclusions.

Judging from the above comparison we can readily conclude that the Chinese cotton mills are, on an average, less capitalized than their foreign competitors. Strictly speaking, we may say that they are more or less under-capitalized.

Not only is under-capitalization a phase prevalent in the cotton industry, but also in almost every, if not all, modern industry in China, particularly that which is Chinese-owned. Instances are numerous, but the following may suffice to illustrate.

As regards the silk industry, a survey shows that in 1928 the 90 steam filatures in Shanghai, each on an average possessing a working force of 583 persons, had a capital investment of only $27,799. Another survey shows that in 1929 of the 38 steam filatures in Wusih, each had on an average 722 workers with a capital investment of $51,025. Again, in Shanghai, for instance, there were in 1928, 51 silk weaving factories, of which 46 employed a total capital of $1,279,000 or an average of only $27,805 each.[61]

In the food group flour milling is perhaps the largest factory industry in China to-day. In the three centers of flour milling—namely, Shanghai, Tientsin and Wusih—in 1928-29, there were altogether 22 mills employing a total capital of $12,295,000 and a total working force of 3,033, which gave an average size of $559,000 or 138 workers.[62] It should be borne in mind, however, that this industry, unlike cotton spinning and weaving, needs a large working capital but rather a small working force.

The disadvantage of under-capitalization to any industry may not present ieself during the time of prosperity, but will be immediately felt when the business becomes dull and money becomes "tight," or in other words bank credits are not easily accessible. The sad experience encountered by the cotton industry and other industries after the World War needs no reminder. The failure of a number of the industrial concerns during the last two years as an effect of trade depression and keen competition lends another testimony.

No industry can prosper without the assistance and facilities given by the banks. While in finance the process of industrialization has given rise to modern banks, it is interesting to note that since 1919 the development in modern banking has been rather great.[63] But to what extent have the banks been financing the industries is very hard to say, since it is still very difficult to secure the much-needed statistical data covering this subject. With the latest information available, however, the writer is glad to cite one instance to enlighten the subject a little. According to the business report for the year 1932 prepared by the Bank of China, one of the largest and foremost banks in this country, we notice that among the percentage distribution of its loans, 11.46 were given in 1932 to industrial enterprises, as compared with 10.14 in 1931. While showing an increase of 1.5% these percentages are by no means large. According to Mr. E.

61 Fong: *China's Industrialization*, pp. 22-23.
62 *Ibid*, p. 24.
63 *Ibid*, pp. 28-29.

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Kann, a noted financial expert in this country, in his review of *China in 1932*,[64] "the continued unsatisfactory political situation in China is responsible for a policy of caution on the part of would-be financial captains." "It is due to the same handicap," he continued, "that banks are not granting credit freely." Though under-capitalization may account for the failure of some and retardation of other industrial enterprises in this country during the past two years, yet the factor of credit contraction has stood out more conspicuously. It is therefore suggested that the industries should make a determined effort to put themselves on a more stable and concrete basis by re-adjusting their capitalization, and that the banks, while reasonably avoiding unhealthy credit inflation in the country, should exercise every discretion to enterprises. The role which the banks play in China's avoid unless restriction of bank credit to productive industrial development is manifestly important. It is hoped that they will give every substantial aid to the home industries so that the latter will be able to cope with the present financial crisis, thus paving the way for future expansion.

5. Organization and Management

The modern development of large-scale industry has necessitated the specialization in not only labor but administration. One who knows China's present economic condition will not deny the fact that her industrial enterprises, exclusively Chinese-owned, are largely still a long way from being properly organized or efficiently managed. Only some of the more important ones have reached this stage. The majority of them are still very much in the home work-shop class, much as was the weaving industry in Lancashire and Yorkshire before the factory system came into vogue and forced the weavers to abandon their little private looms and homes in the country and move into the great industrial cities.

The evil effects of loose organization and poor management are perhaps too well known to need repetition. Lack of a well-laid system or plan will naturally give rise to the result of high cost but low quality of production, which finally will unfortunately meet the disaster of loss of market and the failure of the enterprise. Therefore, no time nor effort should be spared by the industrialists to realize and introduce the advantages of good organization, the cutting down of over-head expenses, the standardization of products, and the resultant guaranteeing of steady markets, the reduction of the prices of articles involved, and the general raising of the status of the artisans and workers employed in each particular industry. This is bound to come, especially in a period of fatal competition like this.

Some measure, therefore, should be taken to raise the standard of management in this country, for at least two reasons. First, China's industrial future will in no small measure rest in the difficult days that lie ahead, on a recognition of the importance of the management factor. Secondly, the inefficient firm is not only in perpetual peril itself, but it imperils and menaces the future of industry as a whole. Other things being equal, it will be necessary, in the future, to combine with originality the power of adaptation to changing market conditions and, above all, the power of producing with a minimum of waste. And this can be accomplished only by means of good organization as well as management.

In this connection, I think it is worthwhile to reproduce a few passages which appeared in a New Year manifesto by 31 leading British industrialists and public men on the importance of efficient management to industry:[65]

"The relatively new art of industrial management will primarily concern itself with the human factor," stated the manifesto, "recognising that anything done by management to improve the working environment, the standard of life, or the efficiency of the thinking of the human unit will react to the benefit of the undertaking. The proper interpretation of the term 'scientific management,' now so frequently used, is that it is essentially the art of generating, utilizing, and controlling educational forces, both in industry and without, so that the human industrial team can continually be equipping itself for performing its task with a degree of efficiency ever on the up-grade.

"To an ever-increasing degree, men of high personal character and cultured vision are finding in management a sphere of high social service. They are using the resources and methods of science to raise the effectiveness of their contribution to the organization and direction of industry.

"The real leadership in the work of industrial reconstruction is being given by management in co-operation with labor and capital. Systematic education for management is, we contend, one of the chief steps required to assure Britain's industrial future."

I think what is true of Great Britain in the above case is also true of China, although the latter is, industrially speaking, far behind the former. In my humble view, training in the field of management knowledge is invariably an urgent need for industrialized China. It should be noted, too, that this new profession—education for management—will have a more far-reaching consequence on economic stability and industrial progress than people can generally imagine. However, its full results will be far from immediate.

Side by side with the management factor, I wish to point out the fact that China lacks, besides other things, a well-disciplined technical force. Not only are institutions for technical and scientific training in this country few, but their curricula seem to be insufficient, or inefficient, to meet the timely requirement. It is true that the Chinese students of to-day are sadly in need of practical rather than academic training. Our country, I am of the opinion, needs more masters of agriculture, commerce, industry and science, but fewer masters of arts and still less doctors of philosophy. Thus every effort should be made to encourage the young generation to take up technical and scientific education on the one hand, and to give them, on the other, supplemental experience in industrial plants, business offices, research stations, farms, etc., either at home or abroad, so that they will be prepared in a more practical way to serve their country in its industrial development.

6. Competition

That China, with a total area of 4,278,352 square miles[66] and a total population of about 475 millions,[67] affords a tremendous market for trade is a fact known to all. However, notwithstanding her rich potentiality, China represents a distressingly low purchasing power, perhaps the lowest per capita of all countries, by virtue of the fact that four-fifths of her population is mainly concerned with the sheer problem of subsistence. Among a low-purchasing-power people such as the masses in China, price is naturally a prime consideration. China is therefore intrinsically a price market, and not a quality one; which also accounts for the fact that trade competition is very keen.

Four kinds of competition might be mentioned. Domestically there are three; namely: first, competition of foreign manufactures, second, competition arising from the increase in the number of factories started in China by foreign interests, and third, competition among the home-makers. Externally is the remaining one; i.e., competition of Chinese products with other manufactures in the foreign markets.

There is no denying the fact that during these few years of acute world depression China has been made the dumping ground of many foreign articles. Our imports continued to be heavy, but we have been unable to sell much of our goods abroad. Several factors are attributable to this phenomenon. First may be mentioned the factor of over-production or under-consumption, as some economists have chosen to term it of foreign countries which must find an outlet for their surplus supply at home. Second comes the question of quality and price. Recognizing that China is basically a price market, the foreign competitors, notably Japanese, have exerted every effort to cut down the cost to meet competition, while at the same time maintaining the usual standard of quality, if not better, of the merchandise, which the home makers are unable to make at the same cost, with the result that the Chinese manufacturers are wholly unable to compete. Third, politically, with the existence of extraterritoriality and the not-so-complete tariff autonomy in China, the foreign traders have been placed upon a much more advantageous footing than the home producers. Fourth, technically, the foreign competitors are better organized. Not only do they enjoy better banking and transportation facilities, but they are superior to the Chinese in matters of salesmanship and marketing. Fifth, in China, whereas the popular demand is flexible, the market is a variety one, and wants and tastes are just as varied as the different localities. The foreign traders, having taken this psychological factor into serious consideration, have found themselves successful in meeting the popular demands.

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64 **Kann:** *China in 1932*, p. 24.
65 "Science of Management" in the *North China Daily News*, February 28, 1933.
66 The *China Year Book*, 1932, p. 1.
67 Kann: *China in 1932*, p. 2.

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Demand selling rate on London:	£1.0.0=Sh. $15.934
Demand buying rate on London:	£1.0.0=Sh. $15.673

Austrian Sues Asia Realty Company

J. C. Hammersmith, an Austrian, sued the Asia Realty Co., his former employers, in the U. S. court for China July 21 for the sum of £67-16-3, which he alleged was due to him under the terms of his contract with that firm, as part payment of his wife's passage to Vienna, the total cost of the passage being £105. Judge Purdy told plaintiff that he was quite sure the whole business could be settled out of Court and advised him to go and purchase two tickets for himself and his wife and pay seventeen forty-eighths of each of the tickets himself and send in the remainder of the bill to the Asia Realty, who had agreed to pay thirty-one forty-eights of each ticket. Mr. Franklin, appearing for defendants, said that his clients were agreeable to this.

Chinese Merchants Ask Change in Partnership Laws

Adoption of measures calling for the compulsory registration of the capital and the partners of all partnership firms—as well as notification of retirement of any partners—is urged by the Greater Shanghai Chamber of Commerce in a petition to the Government. The petition suggests that all partnership firms shall hereafter be required to register (with the competent official organ) the names of their partners as well as their respective share of the capital.

Real Estate Review of the Eastern District by Realty Investment Company

In Kungping Road, two new blocks of shops and hongs are going up at the corner of Seward Road. In Ward Road, just opposite the jail a new block of imposing shops has sprung up. Further along Ward Road, Kinchow Road is being metalled, and new shops are being built at the corner of Thorburn and Kwenming Roads.

Work continues on the Glen Road Police Station, though this seems to be confined to finishing touches. The continuation of Point Road towards the Point from Pingliang Road, is being proceeded with, while bevond the Settlement limits, just beyond the Point, the Japanese have developed a new baseball ground, and further along the foreshore, they have laid a golf course, the Club House for which is now completed.

Among recent sales was a house on 2 Mow 2 of title deed land in Route de Sieyes. Several small lots of land in Western Extension area.

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30¼	7⅝	.60	Alaska Juneau	27⅛	25⅞
133⅜	42½	*6.00	Allied Chemical & Dye	114½	116
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19⅝	2	—	American & Foreign Power	13⅛	12¼
41½	5	—	American & Foreign Power 7% Pfd.	26	27¼
18	1⅛	—	American & Foreign Power Warr.	9	8⅞
23⅝	1½	—	American Metal Co.	18½	18
42¼	5½	—	American Smelting	35⅝	34¼
137¾	70¼	9.00	American Telephone & Telegraph	123¾	122
93¼	44	5.00	American Tobacco "B"	83¾	83⅞
40⅝	11	1.00	American Waterworks	31	26⅝
22¼	3	—	Anaconda Copper	18	17
18½	4¼	—	Atlas Corporation	13⅝	13⅝
151¾	28¾	2.00	Auburn Automobiles	54½	52⅝
87	8¾	—	Baltimore & Ohio	29	29
48⅝	7¼	—	Bethlehem Steel	37⅝	36¾
36⅞	18	1.60	Borden Company	32⅞	32⅞
21¼	3⅝	—	Borg Warner	15¾	15⅛
20⅝	7¼	—	Canadian Pacific Railway	16¾	17
99½	16¾	—	Case, J. I.	69½	66
47⅞	19	1.40	Chase National Bank	29	28¾
50¾	4⅞	2.00	Chesapeake Corp.	39	29½
38⅛	5	—	Chrysler	31¾	30¼
26⅞	4¼	.80	Columbia Gas & Electric	21⅞	20⅝
7⅝	1⅝	—	Commonwealth & Southern	3⅞	4
68¾	31½	3.40	Consolidated Gas of N. Y.	54¾	53⅝
19	8⅝	—	Continental Oil	15½	14⅞
84¼	24¾	8.00	Corn Products	76⅞	76¾
7½	1½	—	Coty Inc.	5½	5½
4¼	⅞	—	Curtiss Wright Company	3⅛	3¼
18⅝	5	.75	Douglas Aircraft	13¼	13
61½	23	3.00	Drug Incorporated	48¼	48⅝
83⅝	22	2.00	Du Pont de Nemours	71¾	69½
87⅞	35¼	3.00	Eastman Kodak	78¼	65
48	5	6%S	Electric Bond & Share	26⅝	26
16	2¾	—	Electric Power & Light	10½	10¼
5⅞	⅞	—	Fox Film "A"	3¼	3¼
10½	2⅞	—	General Aviation	8	8
30	8½	.40	General Electric	24⅜	23
40¼	19⅝	1.60	General Foods	35	36
83⅞	7⅝	1.00	General Motors	29	28½
49½	6⅛	1.00	General Railway Signal	Unq.	35½
26⅞	8¼	1.20	Gold Dust	22½	21½
45⅝	5½	—	Goodyear Tire & Rubber	37¼	35⅝
39⅝	3⅝	—	International Cement	32½	30⅜
45½	10⅝	.60	International Harvester	35⅝	33⅝
21⅝	3¼	—	International Nickel	18⅜	18⅛
21	2⅝	—	International Telephone & Telegraph	15½	15⅛
59	10	—	Johns Manville	46	48
25⅝	4⅞	—	Kennecott	20⅞	20⅛
78½	30½	2.40	Lehman Corporation	65¾	67¼
96¼	34⅛	*4.00	Liggett & Myers, "B"	89¾	88
87¾	9	1.00	Loew's: Inc.	24⅜	23⅞
24⅝	9	1.20	Lorillard P. Co. (Com.)	21¼	20¾
37	12	1.00	McIntyre Porcupine	33⅞	31¼
28½	3½	—	Montgomery Ward	22	21¾
64⅛	19¾	1.00	National City Bank (bid price)	32	.....
117	13	—	National Distillers	78	71¾
57¼	8⅝	—	New York Central	Mutl.	41⅜
43¼	13¾	8%S	North American Company	26¾	26⅜
92½	12	2.00	Owens Illinois Glass	75¼	74½
37	16⅞	2.00	Pacific Gas & Electric	27½	28
6⅞	1⅛	—	Packard Motors	5¼	5⅛
40¾	6⅛	.50	Pennsylvania Railroad	34⅝	34¼
6	1	—	Pennroad Corporation	4¼	4¼
17½	2	—	Phillips Petroleum	13¾	14⅝
13½	2⅛	—	Radio Corporation	8	8⅛
7¾	1	—	Radio-Keith Orpheum	3½	3¾
50¼	26½	3.00	Reynolds Tobacco "B"	46½	47
45⅞	9⅞	—	Sears Roebuck	36	34¼
11¼	2½	—	Shell Union	8½	8⅜
15⅜	5¼	—	Socony-Vacuum Corp.	12⅛	12⅛
32¾	15¾	2.00	Southern California Edison	28½	28⅞
34¼	5¼	—	Standard Gas & Electric	14⅞	14⅝
40⅜	19⅞	1.00	Standard Oil Co., of N. Jersey	35⅝	35⅜
28¼	9¼	1.00	Texas Corporation	23⅛	22⅝
34¼	12	1.00	Texas Gulf Sulphur	29	27½
8⅞	2⅛	—	Trans America	7¼	7⅛
50¼	15½	1.00	Union Carbide & Carbon	44¼	42
131¾	27⅝	6.00	Union Pacific	118¾	114¼
44⅞	6½	—	United Aircraft & Trans.	33⅞	30⅞
14¼	3½	—	United Corporation	10¼	10¼
24	9¼	1.20	United Gas Improvement	21¼	21¼
28⅝	1¼	—	U. S. Rubber	18	17½
66¾	21¼	—	U. S. Steel	54⅞	54
50⅞	11	2.00	Universal Leaf Tobacco	42⅞	41
33¾	5¼	—	Vanadium	24⅝	23¼
8¼	⅛	—	Warner Bros. Pictures	5¾	5¾
57⅜	15⅝	—	Westinghouse E. & M.	44¾	42½
50	22	2.40	Woolworth	44⅞	45

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Henry Ford
Dearborn, Mich.

June 13, 1933

A COMPANY THIRTY YEARS OLD

This week Friday the Ford Motor Company completes 30 years of automobile making.

It is also my fortieth year at the same job. I made my first engine in 1893, and it still runs. This is the engine that won the Selden Patent Suit---which took the motor car out of the exclusive class, and opened the automobile industry to hundreds of manufacturers who started during the last 30 years.

Some of the men who began with me that June day in 1903, are working here yet. All of the principles we laid down then, are still operative; we find that they have great survival value for the future. To date they have produced and sold over 21,000,000 Ford cars.

Although we created the automobile market we have never thought it was good for anyone to monopolize it. We have always believed that before business could be good for one, it must be good for all. Our discoveries and improvements have always been open to other manufacturers without patent restrictions.

Of course, there is one thing we cannot share---everyone must get it for himself---and that is experience. Money could duplicate our buildings and machines, but it cannot duplicate 40 years of experience. And it is experience that makes a motor car.

But the past does not especially concern me; it has all been a preparation for the future. For myself, I feel that I have just been gathering the tools to do something worth while, and that my real task is still ahead.

Great changes are upon the world. False ideas of every kind are vanishing in the general upheaval. Those who built truly on principle will survive---their service will carry over. Business integrity and commodity honor will be fully justified. And newer and better ways of living will appear.

That is the outlook for this young thirty-year old Company of ours.

Henry Ford

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